

JPRS 79641

10 December 1981

South and East Asia Report

No. 1077

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

10 December 1981

SOUTH AND EAST ASIA REPORT

No. 1077

CONTENTS

BANGLADESH

Bangladesh People's Congress Election Manifesto (THE BANGLADESH TIMES, 3 Nov 81)	1
Report on UN Envoy's Speech to Economic Committee (THE BANGLADESH TIMES, 13 Nov 81)	3
Excerpts From Choudhury Speech at Kathmandu Meet (Humayun Rashid Choudhury; THE BANGLADESH TIMES, 5 Nov 81)	5
Rahman Asks Islamic Countries To Share Resources (THE BANGLADESH TIMES, 2 Nov 81)	8
Sattar Message to United Nations on Namibia (THE BANGLADESH OBSERVER, 30 Oct 81)	10
Report on Foreign Secretary's 20 Oct UN Speech (THE BANGLADESH OBSERVER, 21 Oct 81)	11
Pact With Norway Signed, Aid to LDC's Lauded (THE BANGLADESH OBSERVER, 29 Oct 81)	13
Dacca Reportage on Cancun Summit Conference (Various sources, various dates)	14
Prime Minister's 22 Oct Speech Rahman on Global Food Security Rahman on Open World Trade Rahman's London Statement Rahman's Remarks on Return	
New Mauritanian Ambassador Presents Credentials (THE BANGLADESH OBSERVER, 22 Oct 81)	20
Japan To Give Food Purchase, Power Project Aid (THE BANGLADESH OBSERVER, 21 Oct 81)	21

Pakistan's Help in Water, Power Projects Sought (THE BANGLADESH TIMES, 20 Oct 81)	22
Minister, Businessmen Discuss Export-Import Policy (THE BANGLADESH OBSERVER, 17 Oct 81)	23
Briefs	
Bangladesh-Pakistan Tax Convention	25
Loan From Denmark	25
FRG Cooperation Pact	25
Dacca-FRG Taxation Agreement	26
Ganotantrik Acting Chief	26
New British Envoy	26
Yugoslav Ambassador Departs	26
Delegation to Peking	26

INDIA

Paper Reports Gandhi Activities in Rome (THE HINDU, 12 Nov 81)	27
Report on Gandhi Talks With Venezuelan Leader (G. K. Reddy; THE HINDU, 5 Nov 81)	30
Allegations Against New Cuban Ambassador Refuted (PATRIOT, 2 Nov 81)	31
Reddy Remarks on State-Center Relations Analyzed (S. Sahay; THE STATESMAN, 5 Nov 81)	32
Pakistan Trade Delegation Holds Delhi Talks (THE HINDU, 12 Nov 81)	34
Indo-Arab Business Council Meets in Delhi (THE TIMES OF INDIA, 6 Nov 81)	35
UN Envoy's Stance on Islamic Conference Noted (THE HINDU, 11 Nov 81)	36
Soviet Ambassador's October Anniversary TV Speech (Y. M. Vorontsov; PATRIOT, 8 Nov 81)	37
Correspondent Challenges Statements on IMF Loan (N. Ram; THE HINDU, 11 Nov 81)	39
G. K. Reddy Reports Reaction to IMF Loan (G. K. Reddy; THE HINDU, 11 Nov 81)	41
Japanese Official Interviewed on IMF Loan (K. V. Narain; THE HINDU, 3 Nov 81)	42

ONGC Signs Loan Agreement With Singapore (PATRIOT, 5 Nov 81)	43
Minister Discusses Technology Import, Other Matters (THE HINDU, 4 Nov 81)	44
Pakistan Embassy Makes Statement on No-War Pact (THE STATESMAN, 12 Nov 81)	45
Speeches at Indo-GDE Friendship Meet Reported (PATRIOT, 2 Nov 81)	46
Soviet Envoy Speaks at October Anniversary Fete (PATRIOT, 7 Nov 81)	48
Industry Minister Discusses Technology Policy (THE TIMES OF INDIA, 8 Nov 81)	49
Indian Businessmen in UAE Affected by New Law (THE HINDU, 7 Nov 81)	50
Benefits of Indo-Soviet Cooperation Described (M. N. Dastur; THE STATESMAN, 7 Nov 81)	51
Report on Indo-Portuguese Cultural Pact (THE STATESMAN, 7 Nov 81)	54
Details of Indo-Venezuelan Communique Given (PATRIOT, 6 Nov 81)	55
Economic Commission Head Assesses Cancun Meet (THE HINDU, 6 Nov 81)	57
Portuguese Visitor Tells Cooperation Possibilities (THE STATESMEN, 6 Nov 81)	58
UN Delegate Warns Against Misuse of Outer Space (PATRIOT, 2 Nov 81)	59
Inadequacies in Implementing Language Policy Noted (S. Dharmarajan; THE TIMES OF INDIA, 8 Nov 81)	60
Iranian Students' Raid on Newspaper Protested (PATRIOT, 8 Nov 81)	62
Big Powers Compete in Weapons Sales to India (G. K. Reddy; THE HINDU, 2 Nov 81)	63
French Defense Technology Important to India (Editorial; THE TIMES OF INDIA, 3 Nov 81)	64

Developed Countries' Export Policies Scored (THE HINDU, 3 Nov 81)	66
Indo-Soviet Power Engineering Group Meets (PATRIOT, 5 Nov 81)	67
Bureau of Mines Reports Mineral Export Trends (PATRIOT, 9 Nov 81)	68
Aid to Third World From Oil-Rich Nations Urged (THE TIMES OF INDIA, 6 Nov 81)	72
Indo-French Collaboration in Oil Field Planned (PATRIOT, 9 Nov 81)	74
PRC Delegation Discusses Iron Ore Purchase (THE STATESMAN, 12 Nov 81)	75
Briefs	
Indo-Algerian Shipping Pact	76
Maharashtra Cabinet Changes	76
Saudi Development Loan	76
Last Indigenous MIG-21M	77

INDONESIA

Interview With Naval Chief of Staff (SINAR HARAPAN, 10 Oct 81)	78
Money in Circulation Totals Over 5 Billion Rupiahs (MERDEKA, 23 Oct 81)	80
Irian Jaya Dissidents Reported Active (TEMPO, 24 Oct 81)	82
Corruption in Government Circles Still Rampant (KOMPAS, 14 Oct 81)	85

PAKISTAN

Canadian Aid Possible for Pak Copper Project (BUSINESS RECORDER, 9 Nov 81)	87
Briefs	
Population To Double in 23 Years	89
Utilization of Norwegian Assistance	89
Book, Magazine, Poster To Be Forfeited	89

PHILIPPINES

Citybank Offers To Buy 40 Percent of 1st Summa Bank (PHILIPPINES DAILY EXPRESS, 11 Nov 81)	90
-----------------------------------------------------------------------------------------------------	----

Cities Not Pulling Out From Nido Field (BULLETIN TODAY, 11 Nov 81)	91
Batasan Meets on Coco Industry (BULLETIN TODAY, 11 Nov 81)	93
Borrowings Cover Huge Deficit (BULLETIN TODAY, 11 Nov 81)	95
Domestic Trade Role Stressed (BULLETIN TODAY, 12 Nov 81)	96
P4.5-B Magat River Project To Change Future of N. Luzon (PHILIPPINES DAILY EXPRESS, 11 Nov 81)	97
Predicted Rise in Peso-Dollar Blackmarket Rate (PHILIPPINES DAILY EXPRESS, 12 Nov 81)	99

THAILAND

General Athit Seeks To Boost Image of Irregulars (DAO SIAM, 30 Oct 81)	100
Low Productivity, Underemployment Said To Plague Labor Force (SIAM RAT, 19 Oct 81)	102
LPDR Arrests, Expels CPT Agents (MATICHON, 3 Nov 81)	103
Drought Hits Northeast and North, Heavy Losses Expected Next Year (MATICHON, 2 Nov 81)	104
Cooperation Agreements Signed With Chile, Argentina (SIAM RAT, 28 Oct 81)	106

BANGLADESH PEOPLE'S CONGRESS ELECTION MANIFESTO

Dacca THE BANGLADESH TIMES in English 3 Nov 81 p 3

[Election Manifesto of Bangladesh People's Congress, Organizing Committee, in favor of Sirajul Islam]

[Text] Democracy means the authority of the people and not an authority acting on their behalf. The mere existence of a President and a Parliament means the absence of the people, but true democracy exists only through the participation of the people, not through the activity of their representatives. The President and member of parliament immediately after winning their votes he himself usurps their sovereignty and acts instead of them. That means that President and parliaments have become a means of plundering usurping the people's authority. The new principle, 'no representation in lieu of the people. Under such systems the people are victims, fooled and exploited by political bodies. Thus becomes clear that representation is fraud, and votes can be brought and falsified. After the successful establishment of the era of the republics and the beginning of the era of the masses, it is unreasonable that democracy should mean the electing of only a President and few representatives to act on behalf of great masses. The whole authority must be the people's. The most tyrannical dictatorships have existed under the shadow of parliaments and Presidents.

The party is the rule of a part over the whole. A party's aim is to achieve power under the pretext of carrying out its programme, party can be bought by money. The party is only a part of the people, but the sovereignty of the people is indivisible. The class political system is the same as the party. If a class, party, dominates a society, the whole system becomes a dictatorship. Plebiscites are a fraud against democracy, an instrument of governing which is the people as a whole. If that instrument can be brought into being the problem will be solved. Popular democracy will be realised, mankind will have put an end to tyrannical eras and dictatorial systems, and the authority of the people will have taken their place. Authority of the people, without representation or deputation and by realizing direct democracy in an orderly and effective form. The people's authority has only one face and it can be realised only by one method namely, congress and people's committee. No democracy without popular congress and committees. First the people are divided into basic congress. And basic congress will meet in their regular session. Each basic congress chooses its secretariate. The secretariate together form General congress, which are other than the basic congress, choose administrative people's committees to replace government administration. Thus all public utilities are run by people's committees which will be

responsible to the basic congresses and these dictate the policy to be followed by the people's committee and supervise its execution. Thus, both the administration and the supervision become popular and the outdated definition of democracy comes to an end. It will be replaced by the right definition. Democracy is the supervision of the people by the people, the people are the instrument of governing and in this case they are their own supervisor. The wage-worker is like a slave to the master who hires him, whether the latter is an individual or a state. The ultimate solution is to abolish the wage-system. The wage system which deprives the worker of any right in his production whether it is produced for society or for a private establishment. Man's freedom is lacking if somebody also controls his needs. The income is an imperative need for man, thus the income of any man in the society should not be a wage from any source or a charity from anyone. There will be no wage-workers in the socialist society, only partners. The purpose of the new socialist society is to create a society which is happy because it is free and this can be achieved through satisfying the material and spiritual needs of man, and that comes through to liberation of these needs from outside domination and control. Economic activity in the new socialist society is productive activity for the satisfaction of material needs, no individual has the right to carry out economic activity in order to acquire more of that wealth than is necessary to satisfy his needs because the excess amount belongs to other individuals. Under the new experiment you work for yourself to satisfy your needs rather than exploiting others to work for you. Freedom is indivisible for man to be happy, he must be free, and to be free, man must possess his own need. Whoever possesses your needs controls or exploits you. He may enslave you despite any legislation outlawing that. The material needs of man that are basic, necessary and personal. These must be within his private and sacred ownership. The purpose of the socialist society is the happiness of man which can only be realized through material and spiritual freedom. Attainment of such freedom depends on the extent of man's ownership of his needs; ownership that is personal and sacredly guaranteed, i.e. your need must neither be owned by somebody else, nor subject to plunder by any party of society. The over-turning of contemporary societies, to change them from being societies of wage-workers to societies of partners is inevitable. The final step is when the new socialist society reaches the stage where profit and money disappear. It is through transforming society into a fully productive society and through reaching, in production, the level where the material needs of the members of society are satisfied. In that final stage profit will automatically disappear and there will be no need of money.

CSO: 4220/7382

REPORT ON UN ENVOY'S SPEECH TO ECONOMIC COMMITTEE

Dacca THE BANGLADESH TIMES in English 13 Nov 81 pp 1, 8

[Text] New York, Nov. 12--Bangladesh reiterated at the United Nations that access to food and freedom from hunger is an universal human right and that food should not be used either as a political weapon or treated as just another commodity subjected to routine commercial activities.

An official announcement said this was stated by Ambassador Farooq Sobhan, Deputy Permanent Representative of Bangladesh to the United Nations in the Economic Committee of the 36th session of the United Nations General Assembly while making a statement on the subject of development and international economic cooperation.

He said that in spite of substantial increase in food production in some countries, over one billion people are affected by hunger and malnutrition. He added that increasing cost of energy, fertilizers, pesticides and other essential agricultural inputs together with high interest rates have seriously hampered efforts by developing countries to accelerate their food production. The very slow progress in meeting the food and development needs of the developing countries has created additional impediment to their national efforts for social and economic development.

The Bangladesh Representative said that the goal set by the World Food Conference in 1974 to eradicate hunger within a decade seemed no longer possible and the United Nations Development Strategy for the 1980s have set this goal at the end of the century. To reach this goal, massive increases in external resources in the food and agricultural sector would be required. The FAO secretariat estimated that external assistance to the tune of US dollars 13 billion would be required by 1990 to make this goal attainable.

He emphasised that together with an allout effort to accelerate world food production, the international community must seriously address itself to the establishment of a world food security system. He expressed disappointment at the lack of progress in negotiations for the international wheat trade convention which should include provisions for safeguarding the interests of the developing countries as a whole and Least Developed Countries in particular.

He said that adoption of the substantial new programme of action for the decade of 1980s for nearly 300 million people of 31 Least Developed Countries would go

a long way in alleviating their poverty and misery provided the commitments for international support measures are translated into action.

He expressed the hope that momentum of the Paris Conference would be maintained and the international community and the UN system would ensure a sympathetic and speedy implementation of the programme of action for the Least Developed Countries.

CSO: 4220/7386

EXCERPTS FROM CHOUDHURY SPEECH AT KATHMANDU MEET

Dacca THE BANGLADESH TIMES in English 5 Nov 81 p 5

[Excerpts from speech by Humayun Rashid Choudhury, foreign secretary of Bangladesh, at the meeting of South Asian foreign secretaries at Kathmandu]

[Text]

Allow me to express on behalf of the Bangladesh delegation profound appreciation and thanks to Your Excellency and the Government of Nepal for the warmth of the reception and generous hospitality accorded to us as well as for the excellent arrangements made for this meeting.

Permit me also to extend warmest felicitations for your well-deserved election as Chairman of our meeting. I have no doubt that under your wise leadership we shall be able to have fruitful and meaningful discussions leading to the attainment of our common objectives.

We cannot but be conscious that in this magnificent capital city of Kathmandu nestled in the lap of the world's highest mountains, there is a particular relevance in carrying out our deliberations for the realisation of the objective of structured regional cooperation. For it is these very mountains, forming part of the chain that straddles the widest breadth of South Asia, that has given us a bearing and compulsion as a unique regional entity. It is in this context that I recall the words of His Majesty Birendra Bir Bikram Shah Deva, the King of Nepal during the South Non-Aligned Summit Conference at Havana, in which he referred to an inspiring vision that one comes across in Nepal. He stated and I quote:

"It is a vision where hundreds of peaks in the Himalayan arc in grandeur and soar into the skies. These

peaks they stand high, they stand firm and they stand alone, yet they are united, linked as though they were in a chain of non-alignment.

They have, for long watched the drama of human civilisation. I would if I may, urge you all to draw inspiration from this vision and contribute to ensure the continuity of man, making him ever ascendant in the glory and the grandeur of a universal order of peace and security, progress and prosperity."

These words and this vision could not have been expressed more eloquently or serve better to inspire and guide us in our present endeavours.

I take this opportunity also to pay tribute to His Excellency Mr. Surya Bahadur Thapa the Rt. Hon'ble Prime Minister and Foreign Minister of Nepal who in his eloquent key note address has lucidly set forth the goals and challenges facing us.

Some six months have elapsed since the landmark, first ever, meeting of South Asian Foreign Secretaries in Colombo, in April, this year. Soon in its historic perspective what is remarkable is the degree of mutual accommodation that was reached despite differences and constraints in national perceptions and orientation of the individual countries. It can be said without hesitation that firm foundations were laid in fostering and promoting the idea of regional cooperation on a formalised basis. The Foreign Secretaries them-

selves in their joint communiqué were to stress "the historic significance and importance of the meeting which was a manifestation of the will of the seven countries to cooperate regionally". They also unanimously agreed that regional cooperation in South Asia was "beneficial, desirable and necessary".

At the core of the agreements reached was implicit recognition of the overall purpose for which we were meeting. The fundamental objective was to increase the welfare of our people, comprising more than a fifth of all humanity and to improve the quality of their lives in an environment of peace and harmony. The main vehicle for this purpose as we all know is the increase of the flow of goods and services.

In the regional context, it was recognised that we had to overcome the barriers of national self-interest and political sensitivities that have periodically plagued our relations. The process could not but be an evolutionary one. It cannot be weighed in terms of more costs and benefits but has to encompass the overall externalities of the situation. The essential question was that of assigning priorities and determining the scope and pace in which to proceed.

There was much that lay beyond the rhetoric. A set of essential Ground Rules

were established which emphasised that regional cooperation was to be based on and in turn contribute to mutual trust, understanding and sympathetic appreciation of the national aspirations of the countries of the region. In short, it provided an opportunity for all countries to assert their sovereign status in the region on the basis of effective equality. It also underscored the need for taking into specific cognisance the asymmetries among the countries of the region and for equitable sharing of economic benefits by all member states irrespective of their stages of development.

The rules of unanimity in decision-making was accepted, thus underlining the determination of South Asian countries to move together in promoting the goal of regional collectivity. It was further agreed that bilateral and contentious issues were to be excluded from the deliberations in a conscious effort to pursue cooperation that was truly regional in character. It was impressed that regional cooperation was not intended or expected to be a substitute for bilateral and multilateral cooperation but should complement both. Beyond these expressed imperatives was the clear-cut understanding that regional cooperation was not intended to lead to the formation of any new bloc or alliance inherent in the recognition that all countries of South Asia were members of the Non-aligned Movement.

These ground rules having been established the Foreign Secretaries moved on to identify specific areas in which mutually beneficial cooperation could take place. Bangladesh is particularly gratified that her Working Paper was accepted as providing a basis for discussions and that note was taken of the relevant broad areas of cooperation outlined in her Paper. As is well-known five specific areas were identified as an initial step. Study Groups were established under designated co-ordinator countries and detailed terms of reference drawn up for conducting the studies. These Groups were charged with submitting concrete recommendations to be considered by the current meeting of Foreign Secretaries.

It was recognised that these Study Groups constituted the first step in the process in the hope and expectation that they could be progressively enlarged and evolve

into a self-sustaining process. Provisions were accordingly made to explore identification of further areas of cooperation through establishment of a Committee of the Whole which was also to submit recommendations to us here at Kathmandu.

We are happy to note that all the five Study Groups established together with the Committee of the Whole have now completed their work and submitted their reports and recommendations.

This meeting in Kathmandu is charged with a four-fold mandate:—

1. To consider and act on the recommendations of the Five Study Groups established in April 1961 in Colombo.
2. To consider and act on the recommendations of the Committee of the Whole with regard to other areas of cooperation.
3. To examine whether the stage has been reached to recommend to the Foreign Ministers the convening of a meeting at their level.
4. To consider and further examine the institutional arrangements for regional cooperation outlined in the Bangladesh paper.

OUTCOME OF STUDY GROUPS ON FIVE SPECIFIC AREAS OF COOPERATION

In essence, our major task here will be to examine the extent, scope and potential of the outcome of the Study Groups and to determine whether the prospects are sufficiently positive to justify moving into the plane of a political level meeting. In this context Bangladesh is convinced that the Groups have elicited a sufficiently positive outcome to warrant meaningful implementation of their recommendations. In virtually all the Study Groups there was unanimity in the adoption of the recommendations and effective contribution and participation by all member-states. It must be emphasised, in particular, that in each of the Study Groups concrete recommendations have been made on specific action-programmes many of which are susceptible to immediate implementation of cooperative efforts, not involving substantial capital expenditure or new investments, and which do not require elaborate institutional mechanisms. Other programmes and projects have been indicated which have a larger gestation period and are fit for long-run investments, allowing time for

commitment by member-states of necessary human and financial resources through evolution of appropriate collaborative mechanisms. It is also important to note that the Study Groups acting in accordance with the mandate laid down for them have indeed made concrete recommendations with regard to institutional machinery for implementing programmes identified by them. I am happy to note that the Host Government indicated in their invitation to us the need to

facilitate the Co-ordinators of the Five Study Groups. I think that it would be useful for firming up conclusions to have a report from each of them on the outcome of their respective Group deliberations.

OTHER AREAS OF COOPERATION

With regard to the other areas of cooperation identified in the report of the Committee of the Whole, Bangladesh as is well known, favours expansion both qualitatively and quantitatively. We had categorically stated that in approaching this matter we should search for a consensus in identifying areas of cooperation. The main objective was to seek through voluntary association to supplement existing cooperation where possible in the hope that this would create a catalytic effect in further progress to the mutual benefit of all. We are conscious of the dilemmas confronting us in the ordering of priorities. All of us here represent developing countries. Nationally, our approach is a multidimensional one, because of the inherent nature of economic and social development which is multi-sectoral and cross disciplinary and not, therefore, subject to easy compartmentalisation. In the context of regional cooperation we have per force to be selective for there could be a danger of overstretching ourselves and defusing our efforts with little tangible gain. On balance, however, the logic of development overwhelmingly favours expansion into more and more areas of cooperation. This cannot be an exhaustive process but one of gradual accretion and phased in terms of organisation and resources. It is our hope that from the beginnings already made one could progressively enlarge cooperation to wider areas so that the process will become self-renewing. In the immediate context we feel that we could

select some more areas and in the light of modalities already established call for a report and recommendations to be considered by us within a defined time frame. It is to be impressed, however, that the existing studies in the five areas are conclusive and positive enough to justify immediate implementation.

POLITICAL LEVEL MEETING

In the light of the above, Bangladesh fully supports the convening of a Foreign Minister level meeting at an early date with a view to making necessary preparations for a Summit Meeting. These would include preparation of a draft agenda, firming up of agreed areas programmes of regional cooperation and chalking out the modalities of such cooperation. I would like to reiterate in this regard that the proposal of our late President had initially envisaged starting the process of regional cooperation through a Summit meeting. This was in explicit recognition of the fact that the Summit was the only level competent to mobilise the necessary will and to give that thrust which would generate the process of regional cooperation. Nevertheless, in acknowledging the need for preparation to make the Summit meaningful, Bangladesh had proposed the three-tiered approach of meeting at official and political level prior to the Summit to fulfil this essential requirement. We are, however, of the opinion that the content of preparations should not be overemphasised. As repeatedly underscored by us, the process of cooperation is an revolutionary one, embracing in its very nature a long-term perspective. What is needed now is a push to start the ball rolling and to sustain the momentum until the process becomes irreversible. Too much stress on technical studies, data etc. as a precondition to get started could dissipate the entire process and defeat the objective of regional collectively to which all of us have subscribed as being both necessary and desirable.

INSTITUTIONAL FRAMEWORK

This meeting is also charged with considering the recommendations outlined in the Bangladesh Working Paper on the institutional arrangements for regional cooperation. Bangladesh put forward these suggestions as a logical corollary to the fact that regional cooperation usually involves the establishment of a formalized and structured organisation. In that sense our proposals are an indicative outline of the ultimate objective of our endeavours. We are fully conscious that movement towards this goal would depend on the creation of a necessary environment for its receptivity and acceptability. It would nevertheless, be opportune to devote some thought to institutional arrangements be they structured or less formal in the recognition that the process could evolve into an integrated association over the years. It is also obvious that without any institutional mechanism, regional cooperation would be relegated to the realm of the ideal.

Our deliberation have reached a critical turning point. The eyes of almost a billion people in our region are focussed on our efforts. We can draw strength from the realisation that we are not starting in a vacuum. We are bolstered by centuries of interaction politically, culturally and economically and bound by irrevocable ties of geography and common history. It is our objective to tighten the concentric circle of our varied interests into closer regional cooperation drawing on the existing levels of activity already under way. The challenge before us is an arduous one but so long as we are convinced that the goals can be realized we can work together for a better, more prosperous future for the peoples of our region in an area of peace free from confrontation.

RAHMAN ASKS ISLAMIC COUNTRIES TO SHARE RESOURCES

Dacca THE BANGLADESH TIMES in English 2 Nov 81 p 1

[Text] Prime Minister Shah Azizur Rahman on Sunday called upon the rich Muslim countries to ensure greater flow of their surplus resources to the poorest of the Islamic world 'not as a charity but as a duty' reports BSS.

Such obligation of sharing resources between rich and poor of the Islamic world, he pointed out, was enshrined in the Holy Quran.

The Prime Minister was speaking at the foundation laying ceremony of Manarat International School at Gulshan Model Town in the morning. The function was attended, among others, by Religious Affairs Minister Abdur Rahman, the Saudi Ambassador Fouad Abdul Hameed al-Khatib, Kuwaiti Ambassador Saleh Mohammad Saleh al-Mohammad and heads and representatives of different Islamic countries.

Shah Aziz, in this context, reiterated the proposal for establishing world Islamic order for sharing of resources particularly in the economic fields. Muslim countries have the potential to become a great power 'if they combine their resources which Allah has bestowed upon them,' he said.

The Prime Minister, however, noted with appreciation that there was a growing awareness and willingness among the Muslim countries to consolidate Islamic unity and fraternity and foster economic co-operation.

Shah Aziz said Islam is not a religion of self-denial rather seeks self-assertion. Quoting from the Holy Quran, he said promotion of Islamic fraternity and brotherhood for the ultimate peace and stability of the world is a religious duty. "In our country it is a constitutional obligation to do," he added.

Speaking on the Islamic ideology, the Prime Minister said that Islam's comprehensiveness and dynamism must be comprehended and explained to the people particularly the younger generation and described the Holy Quran as 'the fountainhead of all guidance.'

The Prime Minister said Islam cannot be divided into watertight compartments. It is not merely a religion. It is a complete code of human affairs--both profane and spiritual, the Prime Minister pointed out.

Speaking about the new school whose foundation was also laid by the Prime Minister, he hoped that it would develop as an ideal school for imparting both Islamic and modern education.

The Prime Minister, who is also in charge of the Ministry of Education, said that other schools in the country should follow the pattern and emulate the example of the Manarat School in synthesising Islamic and modern education.

He also expressed gratitude for the assistance extended by the governments of Saudi Arabia, Kuwait, United Arab Emirates (UAE) and Muslim countries in establishing the school.

Earlier, Commodore (Retd.) Ataur Rahman, Chairman of the school Board of Trustee in his address of welcome narrated the scheme of the school which will cost Taka four crore for construction of the first phase of work. The Manarat School was established in 1978.

CSO: 4220/7380

SATTAR MESSAGE TO UNITED NATIONS ON NAMIBIA

Dacca THE BANGLADESH OBSERVER in English 30 Oct 81 p 1

[Text] New York, Oct. 29--Acting President Mr. Justice Abdus Sattar has reiterated Bangladesh's total support for the people of Namibia for independence and national liberation, reports BSS.

The Acting President in a message which was read out at the UN headquarters on October 26 at the solemn meeting to commemorate the week of solidarity with the people of Namibia and their liberation movement SWAPO said: "On the occasion of the observance of the week of solidarity with the people of Namibia and their liberation movement, SWAPO, I on behalf of the Government and people of Bangladesh wish to reiterate our total support for the people of Namibia for independence and national liberation. It is almost 15 years ago the General Assembly terminated the mandate of South Africa over Namibia and placed it under the direct responsibility of the United Nations. During these long years, South Africa has deliberately frustrated all efforts of the international community to secure the inalienable national rights of the people of Namibia and the withdrawal of the South African illegal military and administrative presence.

"The people of Namibia continues to suffer the humiliation and indignity of the most cruel form of racial discrimination and violation of basic human rights and constant repression of their just aspiration.

"Today, we honour the silent victims of apartheid, who risked their lives in the cause of human dignity. We salute the valiant freedom fighters of Namibia. The continued impasse on the question of Namibia demonstrates clearly the intransigence and lack of political will on the part of South Africa to resolve the question.

"Bangladesh believes that a just solution of the problem can only be achieved through unconditional implementation of the relevant Security Council resolution. We also believe that the right of self-determination of the Namibian people could only be exercised through election under the supervision and control of the United Nations and with active and full participation of SWAPO, the sole and authentic representative of the people of Namibia."

CSO: 4220/7378

REPORT ON FOREIGN SECRETARY'S 20 OCT UN SPEECH

Dacca THE BANGLADESH OBSERVER in English 21 Oct 81 pp 1, 12

[Text] New York, Oct. 20--Foreign Secretary Mr. H. R. Chowdhury said that Bangladesh's policy on disarmament was based on its constitutional commitment according to which "we are wedded to the concept of general and complete disarmament," reports BSS.

Speaking on disarmament at the annual general debate of the UN First Committee (Political and Security) here on Monday he said, The disarmament concept, prompted President Ziaur Rahman at the 11th special session of the United Nations General Assembly on International Cooperation and Development to state the current global military expenditure is nearly 500 billion dollars a year and is increasing at the rate of 50 billion dollars annually. By contrast, official development assistance is on the decline and is today less than five percent of the amount spent on armaments. The economic picture for the developing countries as a whole fills us with foreboding and gloom. The combined foreign debt of the developing countries is now in excess of 300 billion dollars.

The developing countries suffered a balance of payments deficit of 45 billion dollars in 1979. In 1980, this figure is likely to increase to 60 billion dollars.

The existing arrangements on the prevention of the proliferation of nuclear weapons beyond countries already having them were only an interim measure. The arms race, particularly in its nuclear aspects, ran counter to efforts to achieve the further relaxation of international tension to the establishment of international relations based on peace, coexistence and trust between all states and to the spirit of the peaceful settlement of disputes, and non-intervention and non-interference in the internal affairs of states. For that reason the elimination of nuclear weapons as part of a comprehensive programme of disarmament was essential if a nuclear holocaust was to be avoided.

Bangladesh attached great importance to the second disarmament decade largely because the first one had been characterised by more armament than disarmament. One of the primary objectives of the decade, reduction of the huge expenditures on armaments and use of the resources thus freed for purposes of development, particularly of the developing countries was far from being attained. He was encouraged by the growing awareness that world peace and security could not be maintained and guaranteed in the existing conditions of economic disparities.

Bangladesh attached utmost importance to the implementation of measures of disarmament that would result in the saving of important financial and human resources in both the developed and the developing countries and their reallocation for development needs. He said that was why Bangladesh felt that the proposals put forward by Romania and Sweden regarding the freezing and reduction of military budgets were particularly important.

The second special Assembly session on the disarmament should review the implementation of the decisions taken at the first special session. It should also be planned in such a way as to help increase awareness, both public and government of the need to halt and reverse the arms race and the urgency of progress towards disarmament. It should point out the direct benefit that nations and people's would derive in the attainment of their economic and development goals, and build support for specific arms control and reduction measures and for implementing the commitments already made in the final document of the first special session.

The disarmament process would be greatly enhanced if the constituency for disarmament was enlarged by involving more government leaders, prominent world citizens and non-governmental organisations in the process of disarmament. Bilateral and multilateral negotiations should be intensified for reaching agreements for arms control both nuclear and conventional.

CSO: 4220/7371

PACT WITH NORWAY SIGNED, AID TO LDC'S LAUDED

Dacca THE BANGLADESH OBSERVER in English 29 Oct 81 pp 1, 12

[Text] Bangladesh will receive 120 million Norwegian Kroner (approximately Taka 35 crore) as grant during 1982 under an agreed minute signed between the two countries in Dacca on Wednesday, reports BSS.

The signing of the agreement was the follow-up of the three-day annual negotiations for Norwegian bilateral economic assistance to Bangladesh held between the visiting six-member economic delegation led by Mr. Herman Pedersen, Deputy Director of the Ministry of Foreign Affairs and Bangladesh officials.

With this, the Norwegian assistance to Bangladesh since 1972 will total approximately Taka 200 crore. Bangladesh is the second largest recipient of Norwegian assistance among the Least Developed Countries. From the modest beginning of 20 million Norwegian Kroner in 1973 it goes up to 120 million in 1982.

The assistance will be utilised for development of water transport system, rural infrastructure, health and population control and women oriented projects. A major part of Norwegian assistance is also utilised to finance import programmes.

The agreement was signed by Mr. Shafiul Alam, Additional Secretary of the External Resources Division and Mr. Herman Pedersen on behalf of their respective countries.

After the signing ceremony Mr. Pedersen said that Norway is one of the countries whose development assistance had exceeded one per cent of gross national product. Expressing his satisfaction at the proper utilisation of the assistance by Bangladesh, Mr. Pedersen said their aid to the country was entirely on grant basis and large part of it was untied.

Speaking on the occasion, Mr. Shafiul Alam said that Norway is an active champion of the causes of developing countries and she is working as a pace-setter among the donors in the direction of increased resources flow to LDC.

Recalling the role of Norway in the recent Cancun summit, Mr. Alam appreciated the Norwegian gesture of extending development assistance to Bangladesh.

Norwegian Ambassador to Bangladesh, resident in Delhi, Mr. Per Gulowsen and Mr. Helge J. Sevendsen, representative of Norwegian Agency for International Development in Bangladesh were also present.

CSO: 4220/7376

DACCA REPORTAGE ON CANCUN SUMMIT CONFERENCE

Prime Minister's 22 Oct Speech

Dacca THE BANGLADESH TIMES in English 24 Oct 81 p 7

[Text]

CANCUN (Mexico), Oct 23
Following is the text of the address of the Prime Minister Shah Azizur Rahman to the plenary session of the Cancun Summit delivered on Thursday:
"Mr Chairman, Your Excellencies,

I bring you the warm greetings of the people and Government of the People's Republic of Bangladesh.

Ever since on arrival here we have received the warmest welcome and treated with most generous hospitality.

We have also been surrounded by the great scenic beauty with which nature has endowed Cancun.

Our deepest gratitude goes to our most gracious host, the Government and the people of Mexico.

Twenty-two countries with divergent background of history geography, language, culture, economic, political and social system converged at Cancun with a common mission.

This unique and unprecedented gathering is by itself a historic event. Well deserved appreciation is due to His Excellency, Jose Lopez Portillo, President of Mexico and His Excellency, Bruno Kriesky, the Chancellor of Austria for their commendable initiative, painstaking effort and rare diplomatic and political skill in giving concrete shape to this idea.

We also congratulate His Excellency Prime Minister Pierre Trudeau on his election as a Co-Chairman.

Mr. Chairman,

We have assembled here because the contemporary world is in the grip of a deepening

crisis. We have come from far flung parts of the world in quest of a solution to this crisis. We are here in a spirit of cooperation and not of confrontation. We are here neither to negotiate nor bargain.

HISTORIC

Mr. Chairman,

We believe that Cancun Summit provides a unique and historic opportunity to evolve a strategy through constructive dialogue, free and friendly exchange of ideas sharing of experiences and sharpening of our mutual perception of the character and magnitude of the crisis.

Mr. Chairman,

While the industrially developed countries are battling with the problem of stagflation the developing countries are faced with a catastrophic situation caused, on the one hand, by the rapid rise in the prices of all imports including oil, and, on the other, by the slump in the prices of commodities they export. Heavily dependent on a depletable resource, the OPEC countries are also faced with a formidable challenge, namely, developing a viable economic structure.

Mr. Chairman,

The disparity between the low income countries and the rich, as well as the middle income countries, continues to increase. In 1960 the per capita GDP of the industrial countries was 26 times that of the developing countries. By 1979 it grew 44 times. It is indeed, tragic that after two decades of development sponsored by the UN, number of the hungry, the deprived and the destitute throughout the third world countries to multiply, current-

ly numbering yearly 800 million. A greater irony is the decline in the official development assistance combined with a net transfer of resources from the poor to rich countries.

Mr. Chairman,

For the Least Developed Countries the line between survival and disaster is, indeed, very thin. An all out assault is needed to eradicate poverty in its most degrading form and to get the Least Developed Countries into the mainstream of development. This calls for global cooperation and an equitable burden sharing.

ZIA'S PROGRAMME

The 10 point programme proposed by our late President Ziaur Rahman at the 11th Special Session of UN General Assembly presents a pragmatic approach in this respect. The UN Conference on the Least Developed Countries in Paris adopted last month a Substantial New Programme of Action (SNPA) to be implemented within this decade. We sincerely hope that all of you, here and outside this meeting will lend full support to the effective implementation of this action programme.

We believe that if the major issues in the areas of food security and, agricultural production, energy, trade, monetary reforms and financial flows are to be pragmatically and effectively addressed, charges primarily in approach and political will are called for. Nowhere is the interdependence of the nations of the world more evident than in these five areas.

Mr. Chairman.

While we understand the anxiety of the industrial countries for curbing inflation and their desire for free play of market forces, it is not too infrequently that we are bewildered by conflicting signals and decisions in these very areas. Heavy and historically unprecedented levels of planned military expenditure contrasts sharply with declining development assistance in the case of many of the donor countries.

Mr. Chairman.

We appreciate the concern expressed by some that the developing countries must undertake internal economic reform and structural adjustments. The low level of income and inadequate capacity of these countries to save place a severe limitation on their efforts. Nevertheless, in the Substantial New Programme of Action (SNPA) of the least developed countries, the LDCs have agreed to triple their domestic resource mobilisation in this decade which is much in excess of the expected contribution of the donor countries.

We want to highlight that policy reform measures have to be designed carefully keeping in view the sociopolitical conditions of the individual countries and their cultural and value system.

Austere domestic measures can be taken only in the context of adequate international support. Moreover, it is of utmost imperative that the policy pursued by the industrial countries do not disrupt the social fabric of the developing countries as it is imperative that we preserve the domestic framework in pursuing economic development.

LONG-TERM SOLUTION

Though the rich industrial countries are now preoccupied with the problems of recession, inflation and unemployment, they should recognise the reality that the long-term solution of these problems depends on greater and closer North-South Cooperation. The new markets and labour surplus lie in the South. The accumulation of unutilised capital in the North, now further augmented by the transfer of surplus funds of the OPEC, combined with the large and cheap labour force of the South can vastly expand the global productive efforts, thus generating more employments and more income and enlarging the world market. While on this subject, Mr. Chairman, I would like to say that suggestions for an increasing private sector role in the process of economic development in the developing countries are well taken but we believe that to attract and encourage private investment including foreign private investment in most developing countries, and particularly in the low income countries Government will have to continue to play a major role in creating the needed infrastructures. Major investments are needed in irrigation, agricultural extension, research, storage, rural roads, schools, hospitals, training centres, ports etc. which by their very nature will not be attractive to private entrepreneurs. But there are areas, such as development of proven energy resources where private sector can significantly complement public efforts.

Mr. Chairman,

We view development as a process leading to a person's health-fulfilment as an individual

as a worker and as a citizen. We view man as the instrument of development and self-reliance as an imperative. Our people are willing and determined to work hard. This determination was demonstrated during the last five years by the heroic efforts of our people who step up production and the striking progress achieved by them in agricultural production. Countries like Bangladesh have a vast production potential; but we need the vital inputs to build infrastructures and provide capital and appropriate technology to create additional opportunities of productive work.

As we have assembled in Cancun, centre of the great Maya civilisation, we are also reminded of great civilisations which flourished in other parts of the world. Together they contributed to what is the cultural heritage of all mankind. We hope this shared heritage, the product of man's undying quest for a better life, will be an added source of inspiration to us to work in close cooperation in a growingly interdependent world in keeping peace and progress.

I would like to conclude on the hopeful note that this informal but historic meeting through its construction deliberations will usher in a new era in international cooperation, pave the way to the global round of negotiations and meaningful dialogues on all the identified issues also in other forums, so that action-oriented decisions can be taken and their implementation expedited which alone will make our meeting here for two days historic and memorable.

Rahman on Global Food Security

Dacca THE BANGLADESH OBSERVER in English 24 Oct 81 p 1

[Text]

CANCUN, Oct 23.—Bangladesh has noted with alarm that over the past decade per capita food production had dropped in more than 60 developing countries and the number of malnourished people have reached a record level, reports BSS.

Making an intervening remark at the afternoon plenary session of the 22-nation summit, the Prime Minister Shah Azizur Rahman pointed out that world food stock, on the other hand was likely to fall in 1980-81 to the lowest level in 20 years.

The leader of the Bangladesh delegation said if such trend continued "we may be faced with a crisis worse than that of 1972 and 1974."

The Prime Minister said that the problem could never be solved by increasing imports from few food surplus countries as, apart from the problem of payment, it would also involve the problem of necessary logistics for transportation of food grains for the growing population in developing countries.

The Prime Minister told the summit that "we in Bangladesh have assigned top most priority to agricultural development to achieve self-sufficiency in food within the shortest possible time."

Shah Aziz informed the summit that in one year Bangladesh was able to reduce its food deficit from over two million tons to about one million tons. He pointed out that the developing countries supplied out of their own resources over 80 per cent

of the total investment in agriculture and therefore additional requirements would have to come from the developed countries and other sources.

He reminded that multilateral organizations, particularly FAO, EAD & WFP on the one hand & the financial institutions on the other had very important role to play in this respect.

The Bangladesh Prime Minister put forward a four-point suggestion to ensure global food security:

... To ensure that the food importing developing countries particularly the LDCs have access to resources to import the minimum quantum of food to protect their population from hunger and malnutrition.

... Creation of a dependable system of food reserve to guard against undue fluctuations in production and prices.

... A substantial increase in investment and flow of external resources to accelerate food production in the developing countries.

... Development of research and training facilities in the food sector.

The Bangladesh Prime Minister observed that in order to keep with growing population, food production during the current decade must increase by an average four per cent per annum. "This is a goal which can be achieved through international cooperation," Shah Aziz said.

EEC MOVE HAILED

Another report adds: Bangladesh reiterated the urgent need to institute a global system for the stabilisation of export earnings of the least developed countries.

The leader of Bangladesh delegation Prime Minister Shah Azizur Rahman intervening the discussion on trade and commodities at the third session of the summit on world development here this morning however welcomed the positive move by the EEC countries taken in the Paris Conference on LDCs last month to extend coverage of EEC's stabilisation of export arrangement to all the LDCs.

Rahman on Open World Trade

Dacca THE BANGLADESH TIMES in English 25 Oct 81 pp 1, 12

[Text] Bangladesh Prime Minister Shah Azizur Rahman has called for substantial increase of concessional assistance to low income countries in real terms and said an open trade environment is essential for both developed and developing countries.

Intervening in discussions on "monetary issues and financial flows" and "freight and commodities" on the concluding day of the 22-nation mini-summit in Cancun in Mexico, Shah Aziz expressed deep concern over sharp reduction in the availability of IDA assistance and appealed that "IDA-6 be restored to its original plans to complete commitment of agreed resources over a three-year period ending in June 1983."

Monetary Issues

"At the same time," he said, "we would also urge that IDA-7 negotiations be started as soon as possible to ensure substantial increase in real terms."

For immediate balance of payments support, the International Monetary Fund should reorient its policy so as to reflect a better understanding of the socio-economic realities in the developing countries, he said in his statement.

The Bangladesh Prime Minister said SDR allocation which can provide unconditional balance of payment support to the developing countries has come to a stand still, thereby defeating the very objectives behind the First Amendment of the Article of Agreement of the Fund for making SDR the principal reserved asset.

"Present difficulties of the developing countries render it imperative that the IMF resumes allocation of SDRs without any delay and ensure that the developing countries derive the maximum benefit from this measure," he said.

Shah Aziz urged the donor countries to give "full support to the understanding reached in the Paris Conference on the LDCs where it was recognised that only a substantial increase in ODA in real terms during this decade will enable the Least Developed Countries to achieve the objectives of their country programmes within the framework of the Substantial Programme of New Action."

COMMODITIES

In his statement on "freight and commodities" Prime Minister Shah Aziz said, "the prices of commodity exports which are the main interest of the low income countries have been fluctuating and weakening and recently they have been falling sharply."

He stressed the need for creation of an adequate common fund and put forward two specific measures for immediate adoption:

(1) In view of the decreasing unit value of the primary exports, we reiterate the urgent need to institute a global system for stabilisation of export earnings of the Least Developed Countries. In this context we deeply appreciate and welcome the positive move by EEC countries taken in the Paris Conference on LDCs last month to extend coverage of EEC's STABEX arrangements to all the LDCs.

(2) In the field of liberalisation of trade, textiles and other fibres including jute constitute a very significant field for the developing countries. We hope that negotiations of extension and liberalisation of multifibre Arrangements will yield positive results and the developed countries will liberally interpret provisions of the Arrangements. We also hope that Multifibre Agreement (MFA) will provide for special treatment to new entrants in textile export field and for small suppliers.

Rahman's London Statement

Dacca THE BANGLADESH TIMES in English 26 Oct 81 pp 1, 8

[Text]

LONDON, Oct 25: Prime Minister Shah Azizur Rahman said here today that the just concluded Cancun Summit proved fruitful and productive in promoting international understanding in the field of cooperation and development, reports ENA.

The Prime Minister hoped that the spirit of the Cancun summit will prevail.

The Prime Minister reached here this morning from Cancun, Mexico, enroute home. He issued a statement on the outcome of the summit early this afternoon.

The statement said "the Cancun summit provided a historic opportunity, an informal free exchange of views, a meeting of minds between 22 countries at the highest political level.

Though these countries came from diverse backgrounds of history, culture, economic and political systems and are in varying stages of development they represented a common mission and very significant and influential group within the international community.

The Bangladesh Prime Minister said the Cancun summit has been a memorable event and proved fruitful and productive in promoting international understanding in the field of cooperation and development. He said the leaders displayed an awareness, (a) that political stability and economic stability are complementary to each other to maintain and promote peace, security and development, (b) that the growing global economic interdependence

between rich and poor states is a reality and (c) the effectiveness of cooperation on the basis of mutuality of interest involves many complex issues. There must be collective endeavour to resolve global issues globally in the universal forum of the United Nations in the form of global negotiations, he said.

The Cancun summit has focused and identified some of the major issues and challenges facing the world economy, namely (a) food security and agricultural development, (b) commodities, trade and industrialisation, (c) energy, monetary and financial issues and menacing arms race.

"We are happy that despite diversity of views, consensus has been arrived at on areas of priority," he said.

Hunger must be eradicated

by 2000 A.D. National efforts in these respects have to be supported by timely and adequate international technical and financial support, he said. The fundamental importance of commodities as export earner of developing countries has been recognised. The need to bring Common Fund into operation and more impressive efforts to negotiate effective international agreements in core commodities aimed at stabilising commodity prices has been

agreed upon, he said.

The North agreed that the South has a point. We are optimistic that Cancun spirit will prevail, the Prime Minister said.

The Prime Minister and members of his delegation left Cancun on October 24 afternoon. He was seen off at the airport by Mexican President Jose Portillo. He was given a 21 gun salute.

Rahman's Remarks on Return

Dacca THE BANGLADESH TIMES in English 28 Oct 81 pp 1, 8

[Text]

Prime Minister Shah Azizur Rahman on Tuesday said that the just concluded 22-nation Cancun summit had been successful as there was awareness and concern demonstrated by the participants in maintaining world peace, global prosperity and economic well-being.

Shah Azizur Rahman was talking to newsmen on his arrival at the Zia International Airport, Kurmitola, from Cancun, Mexico. Foreign Minister Prof M. Shamsul Haq also returned with the Prime Minister in the same flight.

He said that Bangladesh was one of the five Asian countries to be invited to the historic mini-summit. This invitation, he said, reflected the high esteem in which Bangladesh is held by the international community. "It is a recognition of the fruitful policies of development at home along with a forward-looking foreign policy. These were the main planks of late President Ziaur Rahman's policy, which are being followed by the present Government," he said.

The leaders in Cancun came from diverse regions, different political systems and varying stages of development; yet the importance they attached to the global interdependence and the North-South relationship reflected the priority for solution to issues of global concern, he pointed out.

SUGGESTIONS ACCEPTED

The leader of the Bangladesh delegation pointed out that his team made positive and constructive contribution to the deliberations in Cancun and a number of our suggestions on various issues have been incorporated in the summing up statement by the co-chairman of the summit, the President of

Mexico and the Prime Minister of Canada.

He said, "our interventions on agricultural development and food security, commodity trade and financial issues were particularly appreciated," he said.

The Prime Minister hoped that the momentum generated by the Cancun summit would be carried forward.

CONSENSUS

The Prime Minister, who led the Bangladesh delegation to the Cancun summit, said that there had been consensus amongst the nations of the North and South on speedy solution of problems of food security, commodity trade, agricultural development, adequate flow of resources to the developing and least developed countries, reduction of arms race and diversion of these expenditures to productive purposes, and complete elimination of hunger by 2000 A.D.

There has also been consensus, he said, on the launching of global negotiation under the aegis of the UN with a sense of urgency. The summit also identified many areas of shared priorities.

The leader of the Bangladesh delegation to the summit pointed out that the participants also agreed on the need for timely and sufficient technological and financial support for increasing food production and rural development.

TRADE ENERGY

In the field of trade, he pointed out, they agreed to undertake measures for stabilization of commodity prices by creating common fund and putting it into operation and facilitating exports from developing and least developed countries through improvement of generalised system of preferences

and pre-negotiation of multi-fibre agreement.

In the field of energy, he went on, the need for undertaking greater investment with international support for exploitation and exploration of energy resources and emergency steps for development of new sources of energy was emphasised.

On monetary and financial issues, suggestions were offered for improved international financial cooperation.

TALKS WITH LEADERS

The Prime Minister said, "our bilateral talks with the President of USA, Prime Minister of Japan, Crown Prince Fahd of Saudi Arabia, Prime Ministers of China and India, President of Nigeria, Prime Ministers of Canada and the United Kingdom, among others, have in particular been very useful".

All of these international leaders, he said, had shown eagerness to provide support to Bangladesh in her development efforts. "They highly appreciated our adherence to democracy and our resolve for advancing with economic progress", he said.

Replying to a question, the Prime Minister said that the deliberations in Cancun were characterised by a consensus. "There has been no difference of opinion in any matter" he said.

SHAMSUL HAQ

BSS adds: Foreign Minister Prof Shamsul Haq said, the Cancun summit was an informal gathering of the 22 nations for finding out ways of meaningful cooperation between the North and the South.

Therefore, he said, these countries would have to continue to seek further to evolve the opportunities of global negotiations for abridging the existing resources gap between the nations in the North and the South.

The Foreign Minister said this when replying to questions at the Zia international airport just on his return from the Cancun summit accompanying the Prime Minister who led the Bangladesh delegation to the 22-nation meetings held on October 22, 23.

Answering a question Foreign Minister Shamsul Huq said leaders of all the eight developed nations in the summit showed considerable interest in our development efforts and assured to assist us.

Replying to another question Prof Huq said the global negotiations to be in New York would be preceded by official meeting of the representatives of the countries of the North and the South to lay down a procedure.

He said that the summit was though informal but was full of warmth which was expected to continue its future course.

The Foreign Minister further said that in such preparations of global round of talks the compromise finally reached the desirability of support from

the participants with a sense of urgency. The consensus to start the global negotiations would provide with the prospects of meaningful results, he added.

Replying to another question on the energy issue, the Foreign Minister said there was consensus on the matter to create an affiliate body under the aegis of the World Bank to deal with it. Late President Zia was the first among all to put forward a suggestion for setting up a consortium of the least developed countries (LDC) and the OPEC countries for helping the developing countries in the problem.

The function of the body will be to deal with the use of depletable and renewable resources for generating energy in the developing nations he said.

Answering a question on the acute slow agricultural growth in the least developed countries and its immediate remedies, the Foreign Minister said that when the summit targetted the removal of hunger by the 2000 AD, it had visualised a long-term and a short-term programme in the direction.

Under the short-term programme direct food transfer will be undertaken to face food insufficiency and under the long-term one adequate investments would be made in the agricultural sector for striking out a growth.

NEW MAURITANIAN AMBASSADOR PRESENTS CREDENTIALS

Dacca THE BANGLADESH OBSERVER in English 22 Oct 81 pp 1, 12

[Text] Bangladesh Ambassador to Mauritania Sheikh Tavebur Rahman presented his credentials to President Lt. Col. Mohammed Khouna Ould Haidalla in Nouakchot recently a message received in Dacca on Wednesday reports BSS.

While presenting his credentials to the President the Ambassador said that Bangladesh was moving forward under the leadership of the Acting President Mr Justice Abdus Sattar on the direction shown by the late President Ziaur Rahman.

Speaking on the occasion the President of Mauritania expressed satisfaction at receiving the new Ambassador of Bangladesh establishing contact and hoped for closer cooperation and fraternal relation between the two countries in all fields.

Conveying his greetings to the Acting President Mr Justice Abdus Sattar, President Haidalla praised the role of Bangladesh and particularly the late President Zia's dynamic role in the non-Aligned and Islamic conference movement.

The Bangladesh Ambassador conveyed fraternal greetings from the Acting President, government and people of Bangladesh and expressed hope of greater cooperation and collaboration in various fields between Bangladesh and Mauritania.

CSO: 4220/7372

JAPAN TO GIVE FOOD PURCHASE, POWER PROJECT AID

Dacca THE BANGLADESH OBSERVER in English 21 Oct 81 pp 1, 12

[Text] Japan will provide Bangladesh with two grants amounting to yen 2,920,000,000 (approximately Taka 22.4 crore) for purchasing rice from Japan and Burma and for implementing the installation [words illegible] irrigation project under two separate exchange of notes signed in Dacca on Tuesday between Japan and Bangladesh reports BSS.

Both the grants are to be utilised before March 31, 1982 which will be provided during this fiscal year.

Under the first exchange of notes Bangladesh will receive a grant of yen 1700000000 (approximately Taka 13 crore) which will be utilised by the Ministry of Food for purchasing rice from Japan and Burma under the Food Aid Convention of the International Wheat Agreement 1971 (known as Kennedy Round Programme) which provides food support to the developing countries. In addition to above, Japan will also grant an amount up to yen 380000,000 (approximately Taka 2.9 crore) towards the cost of transportation of the above rice from the port of Japan and Burma to the ports in Bangladesh.

The second exchange of notes provides a grant assistance of yen 840,000,000 (approximately Taka 6.4 crore) which will be utilised by the Bangladesh Water Development Board for pilot project for construction of terminal irrigation facilities in Narayanganj-Narsingdi area, such as construction of flood protection embankment, irrigation and drainage facilities pumping station and supplementary facilities and for purchasing equipment necessary for the maintenance of the facilities.

Mr. Hirohiko Otsuka, Ambassador of Japan to Bangladesh and Mr. A. M. A. Muhith, Secretary, External Resources Division signed this exchange of notes on behalf of their respective governments.

CSO: 4220/7371

PAKISTAN'S HELP IN WATER, POWER PROJECTS SOUGHT

Dacca THE BANGLADESH TIMES in English 20 Oct 81 p 1

[Text] Islamabad, Oct 19--Bangladesh Minister for Power, Water Resources and Flood Control, Mr L. K. Siddiqui now on a visit to Pakistan called on President Gen Mohammad Ziaul Haq and handed over a letter of the Acting President Justice Abdus Sattar last Thursday, reports BSS.

The Pakistani President expressed his warmest greetings and best wishes to his Bangladesh counterpart and prayed for the continued well-being and prosperity of the people of Bangladesh.

Earlier, the visiting Bangladesh Minister had formal talks with Raja Sikandar Zaman, the Pakistani Minister for Water and Power.

Mr Siddiqui was accompanied by the Bangladesh Ambassador in Pakistan on all the occasions.

Technical Aid

Bangladesh on Monday sought Pakistani technical help in implementing and running its water and power projects, Pakistani officials said.

The officials said the request was made by Bangladesh Minister of State for Water and Power L. K. Siddiqui in a meeting here with Pakistan Water and Power Development authority officials.

They said Pakistan was ready to help Bangladesh in building barrages and other water-related projects.

CSO: 4220/7370

MINISTER, BUSINESSMEN DISCUSS EXPORT-IMPORT POLICY

Dacca THE BANGLADESH OBSERVER in English 17 Oct 81 pp 1, 8

[Text] The arrangements for funding the annual import programme for the current financial year, 1981-82, have been firmed up. The temporary strains in the availability of cash foreign exchange as well as commodity assistance which led to the delay in the issuance of import licences for the current year have been overcome. Expeditious moves are now on in the office of the Chief Controller of Imports and Exports (CCI&E) to issue the licences to the importers.

Chowdhury Tanbir Ahmed Siddiky, Minister of State for Commerce, stated this on Friday, while addressing the members of Dacca Chamber of Commerce & Industry (DCC & I) at the conference room of the Chamber. The function was presided over by Mr. Nuruddin Ahmed, President, DCC & I.

The members of the DCC & I pointed out various problems faced by the private sector in the fields of import, export, credit programming, industrial investments etc. Besides the Chief Controller of Imports and Exports and the Vice-Chairman of the Export Promotion Bureau, the meeting was attended by the senior officials of the Ministry of Commerce.

In his speech, Chowdhury Tanbir Ahmed Siddiky assured the members of the DCC & I that the licences for the entire import programme for about Taka 2950 crore for 1981-82 would be issued before the current financial year was over in June, 1982. Referring to the various problems as were raised by the DCC & I members in their presentation at the meeting, he noted that the flexibility was the cornerstone of Government policies on the economic front and told them that all "reasonable and logical demands" of the private sector would be accommodated.

The State Minister gave an overall review of the economic policies pursued by the Government since 1977 with a view to "rejuvenating the economy" in general and "reactivating the private sector" in particular. He observed that the share of the private sector in the overall import trade had now raised to 40 per cent in 1981 as compared to 15 per cent in the pre-1975 period. The industrial investment schedule has been liberalised with wider opportunities for the private sector to perform an expanded and dynamic role, he added while stating that the number of industrial units, sanctioned during the last five to six years, would bear out the success of the industrial policy to encourage the setting up of industries in the private sector.

He disclosed that the Government had already accorded approval to all the proposals, received from the private sector setting up textile units in the country. Three proposals for setting up commercial banks in the private sector had similarly been 'okayed' and the banks would soon start functioning, he added.

Chowdhury Tanbir Ahmed Siddiky pointed out that the Government as a matter of policy attached highest priority to promote the growth of both export-oriented and import-substituting industries. He observed that the protection to the local industries was being given thorough appropriate tariff policies. He told the DCC & I members that the Tariff Commission was engaged in the task of ensuring protection to the local industries whenever necessary, with a view to promoting industrialisation and making goods available to the domestic consumers at reasonable prices.

He said that the Government believed in a mixed economic pattern for the country, the private and the public sector. He added that the Trading Corporation of Bangladesh (TCB) would work for building up a bufferstock for four months in case of certain essential imported goods. Within the next three to four years the TCB would convert itself into a leading export house for funding its import programme from its own cash foreign exchange earnings, he stated.

Earlier, the President, DCC & I, Mr. Nuruddin Ahmed, in his presidential speech at the function, called for all possible incentives in the fiscal and monetary fields for a strong private sector with a view to overcoming the 'prevailing recessionary situation' within the economy. He pleaded for lowering the LC (letters of credit) margin for the private sector and resented the 'inordinate delay' in issuing import licences.

In their observations at the meeting, the DCC & I members were critical of the imposition of heavy duties on the import of industrial spare parts which, they apprehended would lead to crippling burdens on the industrial units in the country. They demanded effective Government control over the smuggling of Indian sarees and felt that such smuggling operations had adversely hit the domestic textile units including the handloom industry. They observed that 'bureaucratic control and corruption' were hampering the export promotion drive by the private sector.

Some DCC & I members noted that the pricing policy of the Sector Corporations did not reflect at all the cost-effectiveness of the concerned units. They were critical of the import of some items like electric metres by the Governmental agencies despite the fact that the country had the capacity to produce the same locally.

CSO: 4220/7369

BRIEFS

BANGLADESH-PAKISTAN TAX CONVENTION--Bangladesh and Pakistan on Thursday signed a bilateral convention for avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income, says a PID handout. The convention was signed on behalf of Bangladesh by Mr. A. K. Azizul Huq, Secretary, Internal Resources Division and Chairman, National Board of Revenue and on behalf of Pakistan by its Ambassador to Bangladesh Dr. M. Humavun Khan. The convention which was negotiated earlier aims at facilitating closer economic and commercial relations between the two countries. [Text] [Dacca THE BANGLADESH OBSERVER in English 16 Oct 81 p 12]

LOAN FROM DENMARK--Denmark will provide Bangladesh with Taka 22-crore (80 million Danish kroner) as concessional loan under an agreement signed in Dacca on Friday between the two countries, reports BSS. Mr. A.M.A. Muhith, Secretary, External Resources Division, and Mr. Jens Ege, Charge d'Affaires of Danish Embassy in Dacca signed the agreement on behalf of their respective governments. The fund will be available for financing the procurement of a mini-oil tanker, work boats, postal railway wagons, road rollers, irrigation, dairy and cold storage equipment. This is the sixth loan from Denmark. The Danish loan is interest free and its re-payment period is 50 years with a 10 year grace period. Denmark has already converted the first and second loans into grant. Danish economic aid to Bangladesh, both in grants and loans, is being utilised mainly in agriculture, fisheries, inland waterways and rural development sectors. Mr. Jens Ege later told BSS that since 1976 Denmark had given 70 million US dollars to Bangladesh for its development activities in the form of loans and grants. He expressed the confidence that the amount would be increased in the coming years. Mr. Muhith said that the relation between the two countries would further be cemented in the coming years. Describing Denmark as the progressive partner in international development Mr. Muhith hoped that it would assist Bangladesh in future too. [Text] [Dacca THE BANGLADESH OBSERVER in English 24 Oct 81 p 1]

FRG COOPERATION PACT--Bangladesh and Federal Republic of Germany on Friday signed an agreement on the acquisition of a participation in the scheduled Industrial Promotion and Development Company (IPDC) by the German Company for Economic Cooperation (DEG), reports BSS. Mr. A.M.A. Muhith, Secretary, External Resources Division and Baron Von Marschall, Ambassador of FRG in Bangladesh, signed the agreement on behalf of their respective governments. This agreement enables the DEG to acquire a participation worth Taka 1.6 crore (2 million dm) in the Industrial Promotion and Development Company of Bangladesh which is being scheduled to be floated next week. The company, which will be owned jointly by Bangladesh and

four foreign agencies including DEG will provide direct financial assistance through equity participation and loans for promotions of industries in Bangladesh. It is expected to attract private foreign investments for industrial development of Bangladesh. [Text] [Dacca THE BANGLADESH OBSERVER in English 24 Oct 81 p 1]

DACCA-FRG TAXATION AGREEMENT--The Governments of Bangladesh and the Federal Republic of Germany initialled on Wednesday a bilateral agreement on the avoidance of double taxation, reports ENA. After the agreement is ratified by the two countries it is expected to go into effect with effect from January 1982. Mr. M. S. Chowdhury and Dr. Koch, leaders of the Bangladesh and FRG delegations to the negotiations respectively, initialled the agreement on behalf of their respective governments. The four-member FRG delegation included Mr. Koch (head of the delegates), Dr. Klemann, Mr. Michael Krause (of FRG's Finance Ministry) and Dr. Lohse of the Foreign Office of the FRG. And the members of the Bangladesh side for negotiations were Mr. M. S. Chowdhury, Member (Taxes-1) head of the delegates, Mr. S. H. Chowdhury, Commissioner of Taxes, Dacca (South) zone, Mr. Z. H. Qutubuddin, First Secretary, NBR and Mr. Eradatullah, Second Secretary (Taxes, NBR). [Text] [Dacca THE BANGLADESH OBSERVER in English 29 Oct 81 p 12]

GANOTANTRIK ACTING CHIEF--The standing committee of Ganotantrik Party has elected Mr Anwar Zahid the party's acting Chairman, reports BSS. A Press release said the party Chairman Mr Nurul Huda Mirza is away in People's China for treatment. [Text] [Dacca THE BANGLADESH OBSERVER in English 2 Nov 81 p 3]

NEW BRITISH ENVOY--The British High Commissioner designate Mr Frank Mills presented his credentials to the Acting President, Mr Justice Abdus Sattar, at Bangabhaban on Monday reports BSS. While presenting his letter of credence, the new British envoy expressed his hope that the already existing good relations and friendship between the two countries would be further strengthened in the years to come. Reciprocating, Justice Abdus Sattar assured all co-operation to the British High Commissioner. [Text] [Dacca THE BANGLADESH TIMES in English 3 Nov 81 p 3]

YUGOSLAV AMBASSADOR DEPARTS--Foreign Minister Prof. M. Shamsul Huq and Begum Huq on Thursday night hosted a dinner to bid farewell to Yugoslav Ambassador Mr. Yivko Josilo and Madam Josilo reports BSS. The dinner was attended among others by Establishment Minister Mr. Majedul Huq and the Dean of Diplomatic Corps in Dacca Mr. Josif Chivu of Romania. [Text] [Dacca THE BANGLADESH OBSERVER in English 7 Nov 81 p 3]

DELEGATION TO PEKING--A six-member friendship and goodwill delegation from Bangladesh left for Peking on Friday evening by Thai International flight at the invitation of Association for International Understanding of China. The members of the delegation are Mr Khaledur Rahman Tito, President, Jessore Dist. Ganatantrick Party, Mr Asgar Ali, President, Kushtia Dist. Ganatantrick Party, Mr Mahamudul Alam Khan, President, Khulna Dist. Ganatantrick Party, Mr S.A. Mirza, General Secretary, Bangladesh China Friendship Society, Chittagong, Mr Shafi Hossain Khan of Narayanganj and Mr Mohsin Sastrapani, a writer and cultural worker. They will join the leader of the delegation Mr Nurul Huda Mirza, Chairman of the Ganatantrick Party in Peking. The delegation will tour China for three weeks. [Text] [Dacca THE BANGLADESH TIMES in English 9 Nov 81 p 8]

CSO: 4220/7385

PAPER REPORTS GANDHI ACTIVITIES IN ROME

Madras THE HINDU in English 12 Nov 81 p 1

[Text]

ROME, Nov 11

In a major trade agreement, India and Italy today decided to set up joint ventures in third countries for export purposes.

A high-power Italian economic delegation will visit India shortly to follow up the proposals already agreed upon and New Delhi has promised to establish a 'focal point' to expedite their implementation.

The agreement was reached here after extensive three-day talks between officials of the two countries which began immediately after the meeting of the Prime Minister Mrs. Indira Gandhi and her Italian counterpart, Mr. Giovanni Spadolini, on Monday in which they stressed the need for expanding the existing economic ties between the two countries.

Fertilizer, trucks offered

Italy has offered \$100 millions as credit for 1982 and 1983 by way of economic assistance in addition to the \$40 millions already agreed upon, a press statement said.

Italy also announced its decision to provide on a grant basis fertilizer and trucks for \$10 millions as additional contribution towards the development of agriculture in India.

Later, an Indian spokesman said Italy had shown itself keen on enlarging the area of cooperation in several fields, including petroleum, chemicals, agriculture, ship-building and leather goods.

The agreement envisaged cooperation in turn-key projects, technical assistance in areas where India was in a position to develop it further and provision of consultancy services and exports.

The whole basis of the economic cooperation, the spokesman said, was to make the best possible use of Italian technology and India's technical and industrial infrastructure. They also agreed to evolve new financial arrangements.

Another major area of cooperation identified was the manufacture of leather goods where India had the best quality leather and highly skilled craftsmen and the Italians had the best designs and a vast market the world over.

Italy agreed to help India set up an institute for training in leather goods manufacture.

The Indo-Italian joint committee which meets annually to review the trade will now meet more frequently. The number of Indo-Italian technical collaborations now is more than 200.

'India has right to defend itself'

Addressing a joint press conference with the Italian Premier, the Prime Minister Mrs. Indira Gandhi today reiterated her opposition to any arms race in the subcontinent but at the same time asserted India's right to defend itself against any foreign aggression.

Asked how she reconciled her Government's reported decision to buy the French Mirage aircraft, with her earlier plea at the FAO conference for diversion of armament expenditure to economic development, Mrs. Gandhi shot back: "Do you think developing countries have no right to defend their independence and that this is only the right of the developed?"

She said India was not interested in entering into any arms race and it had not taken the first step in this direction.

In fact, all its energies were directed towards improving the lot of its people and the results were there for all to see.

But how could a nation fight poverty if its sovereignty itself was threatened, she asked, adding that India had never attacked any other country but had been a victim of foreign aggression on occasions.

No part of power: Mrs. Gandhi also declared that India had never been

a part of any power bloc in the past and would not be in the future," come what may.

Dispelling the wrong impression that in the Indo-Soviet treaty of 1971 her country had compromised on this basic stand, she said that the treaty specifically acknowledged India's nonaligned position.

India's position on the treaty was "unchanged" and there had been no "loosening of ties," she clarified.

The Italian Foreign Minister, Mr. Emilio Colombo was also present at the press conference.

Double standards: Much of the hour-long press conference was devoted to questions on Afghanistan and acquisition of arms by Pakistan.

Both the Prime Ministers were assisted by an interpreter to translate the questions into English and Italian.

Mrs. Gandhi accused the Western world of adopting double standards when they condemned the Soviet interference in Afghanistan.

"The Western world has not always condemned foreign interference in other parts of the world. We see such interference still taking place. We want the same standards to be maintained," she said.

India had already made known its stand on the Afghan developments in international forums. "We are against Soviet interference of any kind, military or otherwise."

The Soviet Union, Mrs. Gandhi said, had agreed to withdraw from Afghanistan if there was no interference from others in its internal affairs, especially by those opposed to the present regime.

The late President Sadat of Egypt had admitted that help to the rebel forces by way of armaments was being given from outside.

Any plan for solution of the Afghan tangle, she said, must be acceptable to those directly concerned.

Differing perspectives: Though the two Prime Ministers shared a common view on strengthening bilateral relations their perspectives widely differed on issues like the Russian intervention in Afghanistan and the possible consequences of US arms supply to Pakistan.

At the press conference Mr. Spadolini did not share India's fear of Pakistan using American arms against India. If that happened "we will condemn it," he said.

But, the developments in the neighborhood of Pakistan could not be lost sight of, he added in an obvious reference to the Soviet presence in Afghanistan.

Earlier in the day, Mrs. Gandhi visited the Gandhi memorial here.

She also had a 40-minute discussion with the Italian Premier without aides from both sides. The officials joined later. The Italian Foreign Minister was also present.

The two leaders spoke of exchange of delegates to further improve relations and to follow-up the agreement arrived at the official-level talks.

Mr. Spadolini said they had agreed to collaborate in the field of oil exploration and a delegation of his country's experts would visit India soon to discuss the matter further.—UPI.

CSO: 4220/7366

REPORT ON GANDHI TALKS WITH VENEZUELAN LEADER

Madras THE HINDU in English 5 Nov 81 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, Nov 4

The Prime Minister Mrs. Indira Gandhi, had a long discussion today on the problems of the third world with the visiting President of Venezuela, Mr. Luis Herrera Campins, the most influential non-Arab personality in the Organisation of Petroleum Exporting Countries (OPEC) who had been taking a more sympathetic view of the hardship of oil-importing developing nations.

The importance that India was attaching to Mr. Campins' visit was evident from the fact that Ministers and senior officials representing the Ministries of Defence, External Affairs, Petroleum, Finance, Industry and Commerce participated in these discussions.

The Venezuelan delegation, which included the Foreign Minister, Mr. Jose Alberto Velasco, the Oil Minister, Mr. Humberto Calderon Berti, and the President of the Central Bank, Mr. Leopoldo Diaz, had come prepared to explore the prospects for increased bilateral cooperation, besides exchanging views on a number of crucial international problems.

The two heads, Mrs. Gandhi and Mr. Campins, met privately without any aides for over 90 minutes, while the other Ministers and officials had separate discussions on various issues ranging from the activities of the group of 77 to a review of the international oil situation.

Need for cooperation: The Prime Minister is reported to have stressed the need for greater cooperation between the developing countries to achieve some degree of collective self-reliance before exerting pressures on the developed countries to agree to a new world economic order based on a better utilisation of the global skills and resources.

The Venezuelan President agreed with her view that the oil-exporting countries had a moral obligation to reduce the heavy financial burden of the oil-importing third world countries

which were hit hard by the high prices.

The two Foreign Ministers, Mr. P. V. Narsimha Rao and Mr. Velasco, had a more detailed discussion on the outcome of the Cancun summit and the follow-up steps required for keeping up the momentum of these North-South exchanges.

They took note of the suggestion that a ministerial-level meeting of the Group of 77 representing nearly 120 members of the U.N. should be held to create the necessary conditions for launching the global negotiations.

The Venezuelan Oil Minister, Mr. Berti, had a parallel meeting with the Minister for Petroleum, Mr. P. C. Sethi, to finalise the offer of additional supply of crude depending on India's requirements.

It was pointed out to him during these discussions that the OPEC policy of categorisation of developing countries was sound in principle, but in practice it affected a big country like India with a vast population.

ONGC categorisation: In India's view, the categorisation should not be based only on total annual imports but also per capita consumption. The present gradation affected India because its total oil imports exceeded the ceiling fixed for concessional treatment.

Mr. Berti saw the point and promised to exert his influence in getting the formula revised and new criteria prescribed for categorisation. He also took his Indian counterpart into confidence about the OPEC moves for setting up an international banking institution with some of the surplus petrodollars to assist the developing nations.

At the bilateral level, the President of the Central Bank of Venezuela which handles the oil revenues, spoke of his country's readiness to invest in the third world. He sought the necessary information about investment opportunities in India's core sector besides discussing the possibilities of increased trade and technical cooperation.

At the end of these wide-ranging discussions, Mr. Campins addressed

a press conference at which he praised India's record of proper utilisation of foreign economic assistance. He said Venezuela would consider with "great sympathy" any request from India for investment or assistance.

Praise for India's progress: He also praised India's "sincere commitment" to the welfare of other developing countries which were at a disadvantage. He was greatly impressed by the rapid strides that India had made in the agricultural, industrial and technological fields in the face of many hurdles.

The Venezuelan President was quite critical of the lending policies of the World Bank and the IMF whose policy of attaching high conditionality to international loans called for a reorientation. He wanted these institutions to be strengthened and truly internationalised to promote global development without undue interference in the economic policies and procedures of borrowing nations.

Mr. Campins was quite confident that before long India would achieve self-sufficiency in its oil requirements. He promised all possible assistance in oil exploration and exploitation, besides offering additional crude to meet the country's more immediate needs until it is able to obtain uninterrupted supplies from the Gulf region.

He has made a profound impression on his Indian hosts with his sympathy and understanding of the third world problems. And as one who has been working in close concert with the Mexican President, Mr. Lopez Portillo, in Latin American politics, Mr. Campins has displayed a keen interest in establishing mutually beneficial relations with India which in his view represented eloquently the aspirations and dilemmas of the developing countries cutting across continents and regions.

Quantity doubled: Venezuela has agreed to double the quantum of its oil supplies next year from the present five-lakh tonnes. (reports PTI).

ALLEGATIONS AGAINST NEW CUBAN AMBASSADOR REFUTED

New Delhi PATRIOT in English 2 Nov 81 pp 1, 7

[Text] Cuban Ambassador-designate to India Jose Perez Novoa arrived in the Capital on Sunday afternoon and was received at Delhi airport by Deputy Chief of Protocol of the External Affairs Ministry Mrs K. Commar.

Ambassadors of many socialist countries including the USSR, Czechoslovakia, Poland, GDR, Romania, Ethiopia were present at the airport.

Mr Novoa was the Cuban Ambassador to Ethiopia from 1976 to 1978. Thereafter he was working in the Cuban Foreign Ministry in Havana as Director of its International Organisation, one of the important departments of the ministry.

Ethiopian Ambassador in New Delhi Amdemichael Belachew on Saturday characterised reports in a section of the Indian Press that Mr Novoa and Mr Francisco Oritz Rodriguez, who worked as his Counsellor in the Cuban Embassy in Addis Ababa, were expelled from Ethiopia on account of their interference in the internal affairs of Ethiopia as a "complete fabrication."

A statement by Ethiopian Embassy in the Capital informed that the fabrication was "devised and spread only to serve the anti-socialist interests of imperialist forces." It said that the Indian public should know that both Mr Novoa and Mr Rodriguez left Ethiopia only after they had completed their term of diplomatic assignment in Ethiopia.

Mr Novoa, who is due to present his credentials within a few days, is succeeding Mr Jose Lopez Sanchez, who left this summer after having substantially contributed towards the deepening of Indo-Cuban relations. These ties were further cemented both during and after the Non-Aligned Foreign Ministers' Conference in the Capital last February. Cuban Foreign Minister Isidoro Malmierca Peoli is on record having highly praised the outstanding role played by India at the conference for consolidation of the non-aligned movement.

CSO: 4220/7344

REDDY REMARKS ON STATE-CENTER RELATIONS ANALYZED

Calcutta THE STATESMAN in English 5 Nov 81 p 8

[Article by S. Sahay]

[Text]

AT first glance, there may not appear to be an apparent similarity between the Sardar Vallabhbhai Patel memorial lecture last week by the President, Mr Sanjiva Reddy, and the address before a scholarly forum (if memory serves, the Indian Law Institute) by the first President, Dr Rajendra Prasad, in which he had asked experts to study the Constitutional provisions on the President's powers, but in fact there is. Both, uneasy over the mere ornamentation of their office, have chosen a scholarly forum to speak out, a liberty otherwise denied to them while addressing Parliament, even perhaps in addressing the nation on Republic Day.

Dr Rajendra Prasad, who had been the President of the Constituent Assembly, it will be recalled, had his own notions of what the Constitution had provided. Twice he had written to Nehru on the subject and on both occasions the matter had been referred to the then Attorney-General, who on both occasions held that the President had to act on the "aid and advice" of the Council of Ministers.

Although that point can now be taken to have been well-settled, especially after the 42nd and 44th Amendments, there is nothing to suggest that the President cannot air his personal views before scholarly forums. And President Reddy has done well to let the country know his views on such a vital topic as Centre-State relations. And not merely that. He has seized the opportunity to answer

back to Mrs Gandhi who had told the Melbourne Press conference that President Reddy was a party man. He has now categorically stated that, although he had been elected on a party symbol to the Lok Sabha, he had severed his party connexions on being elected Speaker and that, as President of the Indian Union he belonged to no party.

SPECULATION

This tangential reference leads one to wonder whether there is not more in the lecture itself than meets the eye. Is the President's lecture on national integration, in particular his advocacy of greater autonomy for the States and the need for decentralization, intended to be deeper than what appears on the surface? To answer the question would be to enter into the realm of speculation. However, the fact remains that, despite disavowal by Mrs Gandhi of any intention to change the parliamentary democracy into the Presidential system, rumours and doubts still persist. If the President's lecture is even remotely connected with this continuing doubt, then it is to be doubly welcome, for the warning against concentration of power at the Centre has come from no less a person than the President, who, as everybody knows, will complete his term next year.

However, even if it be considered that it is too fanciful to connect the President's lecture with future dangers, real or imaginary, the fact remains that the President has spoken wisely

on a subject of great import: greater autonomy for the States. It needs to be remembered that he was speaking on the occasion of the 106th birth anniversary of Sardar Patel, a man who more than anyone else was responsible for the political integration of India. He paid the Sardar handsome tributes and even quoted Pandit Nehru as saying that, "even I who have been rather intimately connected with the State's people's movement for many years, if I had been asked six months ago what the course of developments would be in the next six months since then, I would have hesitated to say that such rapid changes would take place ... The historian who looks back will no doubt consider this integration of the States into India as one of the dominant phases of India's story."

INCONSISTENT

The resumption, it must be emphasized, was speaking on the integration of India, and, as he rightly said, the subject could not be properly discussed without discussing Centre-State relations. And he did not beat about the bush. He quoted with approval the Rajamannar Committee's view that several provisions of the Constitution were inconsistent with the principle of federalism that there was the tilting of scales in favour of the Centre and that the theme of subordination of the States ran through the Constitution. He emphasized that practice had further accentuated this unitary

trend, in particular because of the inadequacy of the States' financial resources, adoption of Central planning, and a political setting in which the same party had been in power both at the Centre and in the majority of the States.

The President emphasized that the States, without exception, felt that the responsibilities cast on them were not matched by resources. Whether or not the feeling was vividly expressed, the States had become increasingly dissatisfied with their position in the Indian federal system and they desired greater autonomy. He then took note of what was stated in the Constituent Assembly on the subject, but suggested that more relevant would be an examination of the problem in depth by experts in the light of experience gained.

Even though he stated that he did not wish to comment on the subject at this stage, he proceeded to emphasize that through the pooling of resources, by no means evenly distributed, the country had made rapid strides. That had been possible because of the country's unity. Nothing should be done to impair that unity and the country's political integration. However, could unity be maintained by the assumption of larger powers by the Centre at the cost of the States? The President had no doubt in his mind that it was almost impossible for a Central authority based in Delhi to deal, promptly and effectively, with the multifarious problems faced by the States. He stressed that the Centre had no different or more efficient machinery than what was available in the States and that political and administrative authorities at the State level were better geared to meet the needs of the situation.

He conceded that the impartiality, integrity and good faith of local political authorities had on occasion been questioned, perhaps with reason. But he said the answer was not assumption of power by the Centre. "It

must be quite frankly recognized, on past experience, that a Central authority cannot claim greater competence, wisdom and objectivity or greater immunity from extraneous influence. Inept administration at the State level cannot be remedied by arrogation to itself of more powers by the Centre." It was ultimately for the people of the State concerned to deal with an administration that fell short of expectations.

The President said that the demand for greater autonomy might lie dormant for a while, but in course of time the ever growing Central control and direction, by whatever name the process might be called for the sake of euphemism, was bound to be increasingly irksome to the States. "A stage might come when the demand for greater autonomy might become not merely vocal but bitter, threatening the country's integrity. It is the path of statesmanship to recognize betimes the desire of the States for autonomy to as large an extent as possible."

The President then proceeded to explain that integration did not mean political unity alone. There had to be cultural integration too. He decried the absence of teachers of standing of one region teaching in another region, as used to be the case before Independence, for instance, Dr Radhakrishnan and Dr C. V. Raman teaching in Calcutta University. He decried inter-State boundary disputes and the sons of the soil movement. He emphasized the need for a competent and strong civil service and reminded his audience what Sardar Patel told the Constituent Assembly: "Today my Secretary can write a note opposed to my views. I have given that freedom to all my Secretaries. I have told them if you do not give honest opinion for fear that that will displease your Minister, please then you had better go. I will never be displeased by a frank opinion."

REASON

It has been necessary to give a summary of the President's lecture because already ill-informed criticism has begun to be hurled against the lecture. Mr Kalp Nath Rai, one of the Congress (I) General Secretaries, has said that the President should not have spoken of State autonomy for the need of the hour was a strong Centre. It does not occur to him that in the strength of the States lies the strength of the Centre. The President has not supported fissiparous tendencies. His lecture by no means supports extremist demands such as by Akalis. His has been a voice of reason. Problems do not get solved by merely prolonging them, as in the case of the North-East. Nor is the country made strong by puppet Chief Ministers, describing themselves as Mrs Gandhi's soldiers. It is sad to hear Mr Kalp Nath Rai say that the fate of Mr Darbara Singh will be decided, not by Punjab legislators, but by Mrs Gandhi. That is what has gone wrong with the Constitution, in particular Centre-State relations.

Until there is decentralization of power, including political, there is no hope for the country. And that is what the President has gone out of his way to tell the country and for which he deserves our thanks.

PAKISTAN TRADE DELEGATION HOLDS DELHI TALKS

Madras THE HINDU in English 12 Nov 81 p 9

[Text]

NEW DELHI, Nov 11

A 22-member trade delegation from Pakistan led by Mr. Mohd. Yousof Zia, President, Federation of Pakistan Chambers of Commerce and Industry, today had detailed discussions with representatives of the Federation of Indian Chambers of Commerce and Industry here on promotion of bilateral trade and economic cooperation.

It was noted at the meeting that if a realistic view was taken and a pragmatic approach adopted, both countries could benefit by larger commercial exchanges in view of the complementary nature of the two economies.

India could meet many of the requirements of Pakistan, both in consumer and capital goods sector, in which it was dependent on foreign sources of supply and Pakistan could export to India products like cotton, furnace oil, certain steel products, metallurgical coal and such other items which India

had been importing, according to a FICCI press communique.

In his welcome address the FICCI president, Mr. Anand N. Lalbhai, invited Pakistani businessmen to take advantage of the liberalised import policy of India. On the same basis, he wanted Indian exporters to be allowed to supply items in the free list of imports of Pakistan. He also suggested that both private and public sector units be permitted to conduct business negotiations and trade transactions.

In his reply, Mr. Zia appreciated the liberal import policy of the Government of India and also the readiness of Indian businessmen to develop trade and economic cooperation. He said his delegation had come with an open mind and would be happy to join hands in strengthening bilateral economic relations. Pakistan's economy, he stated, was progressing fast and had achieved a high growth rate in the manufacturing sector, exports as well as imports. He hoped that India would consider importing such items which Pakistan was in a position to supply and which India was, in any case, importing from

elsewhere. He invited an Indian business delegation to visit Pakistan to see for itself the progress and potential of the latter's economy.

Possible Indian exports: From the Indian side the range of products offered to Pakistan included diesel engines over 30 HP, tyres and tubes, chemical and pharmaceutical products, electronic products including components and parts, agricultural equipments, tea, iron ore, sugar, etc. The Indian side also offered technological cooperation for manufacture of tractors as well as auto parts.

Preferential treatment: It was felt that both countries should consider extending preferential treatment for each other's products in their respective markets. The GATT provisions would not affect such arrangements if trade was conducted across the border on mutually acceptable terms. It was also felt that since both countries were setting up a number of construction and other projects abroad particularly in the Middle East, they could collaborate and make joint offers to win the contracts for mutual benefit.

CSO: 4220/7366

INDO-ARAB BUSINESS COUNCIL MEETS IN DELHI

Bombay THE TIMES OF INDIA in English 6 Nov 81 p 9

[Text] New Delhi, November 5--The Arab countries are keen to increase commercial exchanges with India but their entrepreneurs are still not convinced that India offers attractive investment opportunities.

This is the impression one gathers from the proceedings of the two-day meeting of the Indo-Arab Business Council, which ended here today. The Indian delegation was led by Mr. Arvind N. Nalbhai and Mr. R. P. Goenka and the Arab delegation was headed by Mr. Abdulkarim Jaafar, president of the Union of Arab Chambers.

The meeting identified specific areas of commercial exchanges. Arab countries could export fertilisers and India could export iron-ore and bauxite, it was stated.

The Arab side also suggested that India should set up its trade centres in different Arab countries in collaboration with Arab businessmen. Chinn has made a beginning in this direction.

The council emphasised the need for having better shipping services and it was agreed that the scope for a joint venture in shipping should be explored. The Arab side said that Indian firms were welcome to set up units in the Arab world. India's participation in the fields of metallurgy and petrochemicals would be especially welcome.

The Arab side recognised that India has liberalised investment policies especially for Arab countries. However, it was admitted that because of the high rate of interest in the developed countries, Arab investments were not flowing into India.

This was acknowledged by Mr. Burhan Dajani, secretary-general of the Union of Arab Chambers of Commerce at his press conference.

He said there was immense scope for intensifying economic relations between India and the Arab world because of their geographical proximity and identity of views in world problems. He said the Arab countries had already freed their oil from multinationals and were keen on cooperation with friendly countries, like India.

CSO: 4220/7353

UN ENVOY'S STANCE ON ISLAMIC CONFERENCE NOTED

Madras THE HINDU in English 11 Nov 81 p 5

[Text]

UNITED NATIONS Nov 10

The General Assembly adopted without a vote yesterday an Iraqi draft resolution aimed at strengthening cooperation between the United Nations and the Organisation of Islamic Conference.

But India said afterwards the Iraqi draft contained some unclear elements and had there been a vote, it would have abstained.

Introducing the draft on behalf of the Islamic Conference, Mr Saah Omar al-Ali of Iraq said cooperation between the two organisations would benefit the parties directly concerned and the world at large.

The Islamic Conference had contributed to finding solutions to international problems and had adopted resolutions on disarmament, people's right to self-determination and creation of a new international economic order.

Some members including India, Israel and the Soviet Union expressed their reservations on the contents of the resolution after it was adopted.

India's Permanent Representative Mr N. Krishnan, said adherence to the purposes and principles of the U.N. charter should be the starting point

of any cooperation between the U.N. and any intergovernmental agency.

Sectarian approach not favoured

"We have always sought to discourage a narrow sectarian or denominational approach or the use of religious settlements as a cloak for fanaticism or for the expression of selfish national or local ambitions."

Mr Krishnan said India interpreted the Islamic Conference decision to seek cooperation with the U.N. as an indication of its preparedness to accept the U.N. charter as the chief repository of the ideals that should govern the progress of mankind.

India appreciated the activities of the conference wherever it had, "in our judgement," contributed to the enhancement of ideals which are enshrined in the U.N. charter.

India had no objection to the U.N. maintaining cooperation with the conference "along the lines of and on terms of complete equality with other observer organisations represented in the U.N." However, "we find that the draft (just adopted) does contain some elements the objectives of whose in-

clusion are unclear."

The Ethiopian envoy, Mr Mohamed Hamid Ibrahim, said his country opposed the U.N. being "a party to or bound by the decisions of an organisation that based its raison d'être on a particular religion, no matter how noble and lofty its teachings."

He asked: "Should the U.N. endorse decisions and resolutions that run counter to its own charter principles? That, he said, was precisely what 'we are being prodded to do'."

The Soviet delegate, Mr Richard Ovinnikov, said there had been a continuing effort to place the Islamic Conference in a privileged position and the question of cooperation between the U.N. and the conference had been placed on the wrong plane.

The aim of the move was to create a special machinery to entrench what he called an "abnormal situation" and that approach was wrong. In the event of a vote, his country would have been unable to support it.

The General Assembly also adopted yesterday without a vote a resolution, sponsored by 20 Arab States, inviting the Arab League to participate in the work of the Assembly and its subsidiary organs as an observer — U.N. & Reuter

CSO: 4220/7364

SOVIET AMBASSADOR'S OCTOBER ANNIVERSARY TV SPEECH

New Delhi PATRIOT in English 8 Nov 81 p 3

[Speech by Y. M. Vorontsov, ambassador of the USSR in India, on the occasion of the 64th anniversary of the Great October Socialist Revolution]

[Text]

Dear Friends,

It gives me great pleasure to address the Indian TV viewers on the day of the memorable occasion of the Soviet people—the 64th anniversary of the Great October Socialist Revolution.

The October Revolution under the leadership of the great Lenin abolished in our country class and national oppression, exploitation of man by man, and laid the foundation for the construction of socialism on the basis of justice and genuine democracy.

Now the Soviet people are zealously working to complete the targets of the first year of our 11th Five-Year Plan of which guidelines were adopted by the 26th Congress of our Party. The Congress has stressed once again that the Party's task of the highest priority is to secure steady rise of the well-being of the Soviet people.

The entire course of the Congress, all the documents it has adopted, have again shown that safeguarding peace is, as it has always been, our main concern in world affairs, the chief goal of our country's foreign policy. This policy is also aimed at stopping the arms race, especially in the field of nuclear arms. We have not only the will to struggle for peace, but also a precise and clear programme for this struggle—"Peace Programme for the 80s".

The friendship and all-sided co-operation between the Soviet Union and India are a model of relations among states with different political and socio-economic systems, answering both the basic interests of

the Soviet and Indian peoples as well as the interests of peace in Asia and the world at large.

The time-tested relations between our two countries are based on the well-known principles of peaceful coexistence. The Soviet-Indian Friendship Treaty, the 10th anniversary of which was widely celebrated recently in our both countries, has raised the relationship between the Soviet Union and India to a new level.

The keynote of the entire Treaty is the profound interest of both states in ensuring security in Asia and throughout the world. This is very clear, because the Treaty is the joint document of the leading socialist power and the major nonaligned country, which play an important constructive role in the international arena. The past decade has made it abundantly clear that the Soviet-Indian Treaty fully justifies its objective, that the onward march on its basis of friendship and cooperation between the USSR and India meets the basic national interests of both states, as well as the interests of peace in Asia and throughout the world.

"For nearly a decade now it has been serving our peoples well," said Leonid Brezhnev in his speech in December 1980 during his friendly official visit to India. "As green branches keep growing out of the trunk of a mighty tree, so, too, do new agreements on ties, exchanges and interaction keep growing out of this treaty. It also helps us to cooperate in the struggle for a lasting peace and equitable relations among peoples".

The present state of relations between our countries is characterised by a wide and dynamic development, by a great range of areas of cooperation, by a high degree of stability. And we conceal from no one that we wish to see friendly and peace-loving India strong and capable of successfully defending its independence and promoting the cause of peace in Asia.

The exchange of visits of the leaders of our countries like that of President L. Brezhnev's visit to India in December of 1980, provides every time a new impetus to the development of Soviet-Indian relations. These visits and also the activities of the two countries in the world arena have repeatedly revealed and reaffirmed the identity or proximity of stands of the USSR and India on crucial present-day issues. These issues are: averting a new war, stopping the arms race, strengthening the process of relaxation of tension and its extension to all regions of the world, final liquidation of colonialism, racialism and apartheid, establishment of a new, just international economic order, securing the right of all people to independent existence without outside interference.

The bellicose forces of international reaction—which have taken the path of whipping up the arms race and building up tension in the world—are directly responsible for the present worsening of the political atmosphere in the world. Their activities have made the world of today teem with dangerous international disputes and conflicts. This concerns, above all, the south of Africa and the Middle East, the Persian Gulf zone and

the Indian Ocean, South-West and South-East Asia, Central America and the Caribbean area.

Today, under these conditions, as never before, wide unity and co-operation of all peace-loving states and their joint efforts are imperative for preventing the further aggravation of international tension. We are sure that our two countries will play a leading role in all peace endeavours.

As President Leonid Brezhnev pointed out, "We welcome the increasing role played by India in international affairs ... interaction with peaceful and independent India will continue to be one of the important areas of Soviet foreign policy."

In developing all-round relations of friendship between our two countries today we are doing a good thing—and not only for the present generation of the people of the USSR and India but also for the coming generations and for mankind's peaceful future.

In conclusion I would like to express the confidence that the Soviet Union and India, the peoples of our two great countries will in future as well follow the broad path of friendship and mutually-beneficial cooperation and do everything possible to guarantee the clear sky of peace over Asia and the entire world.

On this day of festivities in our country all the Soviet people send their warmest greetings to the friendly people of India.

—TASS

CSO: 4220/7362

CORRESPONDENT CHALLENGES STATEMENTS ON IMF LOAN

Madras THE HINDU in English 11 Nov 81 p 9

[Article by N. Ram]

[Text]

WASHINGTON, Nov 10

"Let me say this," India's Executive Director on the IMF claimed to Indian journalists immediately after the controversial five billion SDR arrangement was approved. "The Fund has not insisted that we should take any steps. We have presented the Fund with a bill of fare of the steps we have already taken. The Fund has not asked us to take any more steps this year than what we have done."

"We announce our steps to our own Parliament rather than to anyone else", he added for good measure.

"We are not taking any further steps. We have indicated to the IMF our programme already for the first year in the sense that we have said that these are the steps we have taken."

After all, the Indian budget is three months away. That will be the time for India to decide what steps are required for the next year. But we have not indicated to the Fund anything as to what we are going to do."

The documents available on the EFF loan for India, including the text of the decision by the Executive Board, do not support this contention at all.

Mr. R. Venkataraman's "letter of intent," the specific "performance clauses" and substantive details of the annexed memorandum and the IMF appraisal have already been published in THE HINDU.

We give below substantive extracts from the official texts brought before the Executive Board of the IMF for a decision — that went in favour of the deal.

Board's decision

The Board's decision (with the U.S. abstaining)

1. The Government of India has requested an extended arrangement for a period of three years from Nov-

ember 9, 1981 in an amount equivalent to SDR 5,000 million.

2. The Fund approves the extended arrangement attached to EBS/81/198 (10-7-81) (This is the confidential Executive Board document already reported in THE HINDU.)

3. The Fund waives the limitation in Article V, Section 30b (ii) of the articles of agreement.

The extended arrangement

The "limitation" referred to is routinely waived in arrangements such as this providing enlarged access. It is that the proposed purchase would not cause the Fund's holdings of the purchasing member's currency to exceed 200 per cent of its quota.

The text of the "extended arrangement — India" is as follows:

Attached hereto is a letter, with annexed memorandum, dated September 28, 1981 from the Minister of Finance of India, requesting an extended arrangement and setting forth:

(a) The objectives and policies that the authorities of India intend to pursue for the period of this extended arrangement.

(b) The policies and measures that the authorities of India intend to pursue for the first year of this extended arrangement; and

(c) Understandings of the authorities of India with the Fund regarding reviews that will be made of the policies and measures that the authorities of India will pursue for the second and third years of the extended arrangement.

IMF provisions

To support these objectives and policies the International Monetary Fund grants this extended arrangement in accordance with the following provisions:

1. Over a period of three years from November 9, 1981 India will have the right to make purchases from the Fund in an amount equivalent to SDR 5,000 million, subject to Paragraph 2, 3, 4 and 5 below, without further review by the Fund.

2. (A) Until June 30, 1982, purchases under this extended arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 900 million, provided that purchases shall not exceed the equivalent of SDR 300 million until January 15, 1982 and SDR 600 million until March 25, 1982.

(B) Until June 30, 1983, purchases under this extended arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 2,700 million.

(C) The right of India to make purchases during the period from July 1, 1982 to June 30, 1983, and from July 1, 1983 to the end of the extended arrangement shall be subject to such phasing as shall be determined.

The ratio

3. Purchases under this extended arrangement shall be made from ordinary and borrowed resources in the ratio of one to one until purchases under this arrangement reach the equivalent of SDR 4,809 million and then from borrowed resources, provided that any modification by the Fund of the proportions of ordinary and borrowed resources shall apply to amounts that may be purchased after the date of modification.

4. India will not make purchases under this extended arrangement:

(a) during the period through June 30, 1982 in which the data at the end of the preceding period indicate that:

(i) the ceiling on domestic credit of the banking system described in

Paragraph 17 and the associated table of the annexed statement of economic policies or

(ii) the ceiling on net credit to the Government of the banking system described in Paragraph 17 and the associated table of the annexed statement of economic policies are not observed, or

(b) with respect to the period after March 24, 1982 if the reviews contemplated in Paragraph 5 of the attached letter have not been completed, or if following these reviews, any new understandings reached in these reviews are not observed, or

(c) if India fails to observe the limits on authorisations of new official and officially-guaranteed foreign indebtedness described in Paragraph 21 of the attached memorandum, or

(d) for the period from July 1, 1982 to June 30, 1983 and from July 1, 1983 through the end of the extended arrangement, if before June 30, 1982 and June 30, 1983 respectively, suitable performance clauses for these periods have not been established in consultation with the Fund, or if such clauses, having been established, are not observed, or

(e) throughout the duration of the extended arrangement, if India (i) imposes or intensifies restrictions on payments and transfers for current international transactions or (ii) introduces multiple currency practices, or (iii) concludes bilateral payments agreements which are inconsistent with Article VIII or (iv) imposes or intensifies import restrictions for balance of payments reasons.

Right can be suspended

When India is prevented from purchasing under the extended arrangement because of this Paragraph 4, purchases will be resumed only after consultation has taken place between the Fund and India and understandings have been reached regarding the circumstances in which such purchases can be resumed.

5. India's right to engage in the transactions covered by this arrangement can be suspended only with respect to requests received by the Fund after (a) a formal ineligibility, or (b) a decision of the Executive Board to suspend transactions, either generally or in order to consider a proposal, made by an Executive Director or the Managing Director, formally to suppress or to limit the eligibility of India.

When notice of a decision of formal ineligibility or of a decision to consider a proposal is given pursuant to the Paragraph 5, purchases under the arrangement will be resumed only after consultation has taken place between the Fund and India and understandings have been reached regarding the circumstances in which such purchases can be resumed.

"8. India shall pay a charge for this arrangement in accordance with the decisions of the Fund."

Consultations

"10. During the period of the extended arrangement, India shall remain in close consultation with the Fund. These consultations may include correspondence and visits of officials of the Fund to India or of representatives of India to the Fund.

India shall provide the Fund, through reports at intervals or dates requested by the Fund, with such information as the Fund requests in connection with the progress of India in achieving the objectives and policies set forth in the attached letter and annexed memorandum.

11. In accordance with Paragraph 5 of the attached letter India will consult the Fund on the adoption of any measure that may be appropriate at the initiative of the Government or whenever the Managing Director requests consultation because any of the criteria under Paragraph 4 above have not been observed or because he considers that consultation on the programme is desirable.

In addition, after the period of the arrangement and while India has outstanding purchases under the extended arrangement, the Government will consult with the Fund from time to time, at the initiative of the Government or at the request of the Managing Director, concerning India's balance of payments policies.

G. K. REDDY REPORTS REACTION TO IMF LOAN

Madras THE HINDU in English 11 Nov 81 p 1

[Article by G. K. Reddy]

[Excerpts]

NEW DELHI, Nov 10

The Finance Ministry has welcomed the IMF decision approving the Indian request for a massive loan of \$5.8 billion, roughly Rs. 5,000 crores, to help the country overcome during the next three years the anticipated strains in its balance of payments.

The U.S. Government, which indicated earlier that it was only voicing its opposition in principle to the IMF advancing such loans, had assured in advance through diplomatic channels that it would not try to block the Indian application.

The first hint of the U.S. decision came during the visit of the Finance Minister, Mr. R. Venkataraman, to Washington last month for the annual meetings of the World Bank and the IMF in the light of President Reagan's observations on the subject. It was followed up a few days ago with an assurance that the U.S. would abstain in the event of voting after it had registered its protest against the IMF granting such loans.

Never in doubt: So there was no doubt at any stage during the last three or four crucial weeks, after the U.S. had made known its opposition, that the loan would be approved on November 9 when the Executive Board of the IMF met to consider the chairman's recommendation. What was not known until a few days ago was whether the IMF Board would try to step up the conditionality in the light of the U.S. criticism.

Mr. Venkataraman will have a relatively easy time in Parliament in defending the assurances given in his memorandum, now that the loan has been sanctioned on the basis of the prescribed conditions.

The critics in Parliament will have to contend with the reality of a job accomplished and the best they can do

is to caution the Government that, in the course of complying with the procedures laid down for the release of the loan instalments, the country does not submit itself to undue supervision by the IMF of its economic policies and performance falling within its sovereign jurisdiction.

From Asian Bank: There is talk that the Government might follow up the unprecedented loan from the IMF with another \$2 billion (Rs. 1,800 crores) loan from the Asian Development Bank in the near future. The decision will be taken before the Finance Minister gets down to the preparation of the next budget when he will have a clearer picture of the balance of payments position.

It was pointed out by Finance Ministry officials today that the Government would be entitled to exercise a certain degree of flexibility in the utilisation of this IMF facility since it was not a "tied loan" in the normal sense. The position was adequately explained and accepted during the protracted discussions with the IMF on the subject.

U.S. contention rejected: The Government has taken note of the increasing criticism of U.S. banking circles against the very principle of countries like India turning to international financial institutions instead of tapping private sources on the world money markets. It rejects the American contention that the borrowing capacity of a developing country should be linked with its readiness to let in multinationals to invest and participate in their development.

'Boost to economy'

PTI reports

Speaking to newsmen, Mr. Venkataraman said today that the clearance of the loan would give a "tremendous boost" to the country's economy and "remove an element of uncertainty about our foreign exchange position."

"We were all the time worried as to what will happen to our foreign exchange position arising out of the constant rise in oil prices. Now we will be sure that the foreign exchange position will not deteriorate because of oil imports," he said.

Expressing his happiness over the clearance of the loan, he said it had been approved on the basis of the same documents the Indian Government had furnished at the time of applying for it.

He explained that the loan facility was meant "only for 'overcoming our difficult foreign exchange position'." It could not be used for investment purposes.

The Secretary, Department of Economic Affairs, Mr. R. N. Malhotra, who had been closely associated with the negotiations for the loan said, "We are happy that India's request (for loan) has gone through. It will enable us to tide over the balance of payments position over the next three years."

Mr. Malhotra said, "I think the efforts which the country is making for improving its external position in the trade and foreign exchange area would bring us to a sustainable position immediately at the end of the three-year period (during which drawings could be made from the Fund)."

There was likely to be progressive improvement in the external account even during this period and he therefore, hoped that the balance of payments support which would be provided by the Fund will help us actually to pursue policies without having the necessity to cut development expenditures or starve the economy of essential imports."

JAPANESE OFFICIAL INTERVIEWED ON IMF LOAN

Madras THE HINDU in English 3 Nov 81 p 9

[Article by K. V. Narain]

[Text]

TOKYO Nov 2

A high ranking official of the Japanese Finance Ministry indicated here today that some of the less developed countries had complained to the International Monetary Fund about the size of the loan sought by India.

This was because, as a result of the grant of the loan they may not be able to borrow from the IMF to the extent they desire. He said the concern of these countries had to be taken into consideration and the size of the loan had to be discussed further.

This was one of the reasons why Japan had not yet decided its position on the loan.

In an interview with this correspondent the official noted that the loan sought by India was the largest in IMF history and we have to look into the liquidity situation of the IMF — whether such a large loan can be financed within the IMF. Also if many of the LDCs have expressed concern about the size of the loan we have to take this into consideration.

Therefore, he added, while Japan had not proposed delaying a decision by the IMF on the Indian bid, the question of size also has to be discussed further.

China's name mentioned: The Finance Ministry official would not name the

LDCs expressing concern about the size of the loan to India but one diplomatic source mentioned the name of China.

China this year had suffered a heavy unfavourable trade balance and it is logical to expect that China would also want to borrow substantially from the IMF to get over its balance of payments problems. However it has not been possible to confirm here whether China has voiced its objection to the size of the proposed loan to India.

The Finance Ministry official conceded that the Indian economy was suffering from deterioration in terms of trade due to the second oil crisis and "we think there is need for balance of payments financing in the medium-term."

He hoped IMF-lending could expedite economic adjustment in India. However, he added, "but there are many dimensions to the proposed loan, one being the conditionality regarding the loan and the other size of the loan."

As regards conditionality, he noted there were two views. One was severe namely that the IMF interfered too much in domestic economic policy. The other was that the IMF's stand was too loose and it may not meet the adjustments of the objectives for which the loan was sought. Therefore the official repeated more discussions were needed.

Conditionality defended: He defended the IMF's conditionality because, he said, it was set to expedite the internal adjustment of the borrowing country

and it was in the interest of the borrowing country to follow the conditionality.

He cited Japan's own example when it borrowed from the IMF in the fifties adding that the IMF's guidance was helpful for the country's economic adjustment.

The official said conditionality also enhanced improving the credibility of the borrowing country in the market and induced the private flow of funds. This is an important consideration to be taken into account," he said.

According to him Japan favoured the IMF assisting the internal economic position of India because that was the function of the IMF. But he repeated that further discussion was needed regarding conditionality and size of the loan.

As such, he added, "right now we cannot say whether we support the loan or not. We need further examination within our Ministry and consultations with other countries before taking a decision."

Speaking in general terms however, he said Japan and India were both Asian countries and as such the two countries had the responsibility of maintaining peace and stability in Asia and the world and so in that sense "we have much interest in the Indian economy and its future."

He concluded by reiterating that Japan had not yet decided its position on the loan and it was misleading to say that Japan supported the United States position on the issue.

CSO: 4220/7346

ONGC SIGNS LOAN AGREEMENT WITH SINGAPORE

New Delhi PATRIOT in English 5 Nov 81 p 7

[Text] The Oil and Natural Gas Commission on Wednesday signed in Singapore, a syndicate loan agreement for \$74 million to purchase two oil rigs and allied equipment for expanding India's oil exploration activities, reports UNI.

The two-tranche borrowings, guaranteed by the Indian Government, is financed by 14 banks operating here, and lead managed by the Singapore branch of the State Bank of India with three British, Canadian and Norwegian banks.

Under the agreement, the first tranche of \$44 million is covered by a fixed interest of 11.75 per cent, repayable in 16 semi-final instalments starting from June 1983.

The second tranche of \$30 million is provided by a eurodollar facility with floating interest rate tied to the Singapore inter bank rates (SIBOR). The rate is 0.375 per cent over three or six months sibor for the first five years and 0.5 per cent thereafter. It is repayable in seven years in 10 semi-annual instalments.

The two rigs ordered from a Singapore shipyard are expected to be delivered around December next year.

The agreement was signed by ONGC chairman S. P. Wahi, SBI's chief manager for international division Susheel Chandar and joint secretary in Finance Ministry Yogesh Chandra.

An SBI spokesman said this was the largest syndicate loan the bank had floated in the region since it began operating here four years ago. It had arranged loans of more than \$400 million earlier, besides financing several Indian joint ventures in the area covering \$250 million.

CSO: 4220/7352

MINISTER DISCUSSES TECHNOLOGY IMPORT, OTHER MATTERS

Madras THE HINDU in English 4 Nov 81 p 1

[Text]

NEW DELHI Nov 3

The Union Industry Minister, Mr. N. D. Tiwari, today assured the Parliamentary Consultative Committee for his Ministry that the import of foreign technology was allowed on a highly selective basis.

It is not allowed unless there is an identified technology gap, and there is no repetitive import of technology either, he added.

But to ensure production efficiency as well as export competitiveness, it was essential at the same time that the scales of production as also the technology rating did not recede into obsolescence.

If this was allowed the high cost structure of the economy would continue and Indian exports would lose their competitiveness. Hence a very clear and conscious balance had to be struck.

Small units: As for small-scale industries, Mr. Tiwari said the Government was committed to the upgradation of their technology. There had been no instance where their request for technology import had been turned down.

Apart from setting up joint ventures abroad, India had also begun to export technology. In small industries development, we are being looked upon as the leader and pathfinder by a number of developing countries which are approaching us for our assistance.

Mr. Tiwari assured the committee that there was no question of policy relaxations in regard to the areas reserved for the small scale sector.

Broad decisions on the strategy to be followed for a survey of sick units in the small-scale sector were taken at a recent meeting of the standing committee of the Small Scale Industries Board. The survey was expected to throw up valuable data.

Policy package: The Government was giving final touches to a policy package as an important element of strategy of backward area development.

This would be on the basis of eligibility calibrated particularly on the prospects of ancillarisation. The framework of relaxations and incentives would be worked out in consultation with the Planning Commission.

The instrument of licensing was being effectively used for canalising investments in backward areas, and the capacity aspect of licences, which had been worked out in terms of material balances projected in the Plan, had been substantially relaxed in favour of the northeast region, Jammu and Kashmir, Himachal Pradesh, Goa and Pondicherry.

Mr. Tiwari said the Government expected the public sector to function viably and, therefore, the selection of location would have to be synthesised between the socio-economic objectives and cost effectiveness.

The Central public sector as well as the State public sector had to function as a development catalyst, particularly in the backward areas.

Apprising the members of the improvement in the infrastructure sector, which had been reflected in all-round growth in industrial production, he said: "We expect to close the year 1981-82 with an industrial growth of over 10 per cent which will mean in a manner of speaking an all-time record".

Auto sector: Giving details about the performance of the automotive sector, Mr. Tiwari said as a result of the collective effort of Government and industry, the situation had visibly improved.

The output of commercial vehicles in the first half of the current financial year was 41,581 as against 30,082 in the corresponding six months last year, an increase of 38 per cent.

The production of passenger cars had also gone up by 96 per cent from 11,131 in April-September last year to 21,781 during the same period this year.

There had been a 17 per cent increase in the production of two-wheelers and the strike in one of the premier two-wheeler manufacturing units had ended.

A similar healthy trend had been noticed in the tractor manufacturing field. Between April and September last 40,008 tractors had been manufactured against 31,610 during the corresponding six months last year.

PAKISTAN EMBASSY MAKES STATEMENT ON NO-WAR PACT

Calcutta THE STATESMAN in English 12 Nov 81 p 14

[Text]

NEW DELHI, Nov. 11.—The Pakistan Embassy said in a statement here today that the Pakistan offer of a no-war pact, even if verbally made, had the necessary sanction of a formal proposal. Claiming that the proposal was in reality a formal offer, the Embassy suggested consultations between the two countries to work out the details of a non-aggression pact.

Sources here, however, felt that the suggestion made in a lengthy statement by the Embassy regarding the offer of a pact made by Islamabad on September 15, was again being repeated through the unusual means of a statement to the Press. India contends that no formal proposal for the pact has been received from Pakistan while the Embassy claimed today that the proposal for consultations had been made "formally".

The Embassy statement admitted that the "offer" was made only verbally and not in writing. It argued that "in diplomatic practice, communications made verbally are not only as formal but frequently more so than written communications." The constructive idea for such a pact had unfortunately not been appreciated (in India) so far in a proper context," the statement said.

"Contrary to reports in the Press, the proposal for consultations was in fact made formally. As for the draft of the guarantee of non-aggression to be exchanged between the two countries" that could be produced, perhaps more usefully, after the proposed consultations between the two sides", the Embassy said.

It argued that the Simla Agreement was drafted following an extensive exchange of views between the two Governments. Its first draft had been put forward after, not before, the consultations.

According to the Embassy release, the proposal for bilateral consultations was communicated to the Indian Ambassador in Islamabad on September 15 by the Secretary General of the Foreign Ministry, Mr S. Shah Nawaz. Later, the Pakistani Envoy, conveyed the proposal to the Foreign Office here.

(The Foreign Office here has maintained that on both occasions nothing had been proposed to India in writing, which is the normal diplomatic practice when formal proposals are made between nations.)

The Embassy said that consultations between the two sides could help clarify the points that should be incorporated in the proposed exchange of mutual guarantees of non-aggression.

CSO: 4220/7365

SPEECHES AT INDO-GDR FRIENDSHIP MEET REPORTED

New Delhi PATRIOT in English 2 Nov 81 p 10

[Text] The need to mobilise world public opinion against the arms race launched by the West was highlighted by several distinguished speakers at a meeting of the All India Indo-GDR Friendship Association on Sunday.

The speakers were unanimous in condemning the US administration's recent moves to produce Neutron bomb and deploy medium range nuclear missiles in NATO countries. However the speakers hoped that under a global pressure mobilised by the peace loving people these authors of war might desist from "this suicidal course."

'Peace is a must' not only for development but for 'our very survival,' stressed Dr L. Guenther, secretary general of the GDR-India Friendship Society.

Dr Guenther who is in India to take part in the anniversary celebrations of the formation of the association, charged that the arms race had been calculated to debilitate the socialist economies a pattern which was finding favour with the developing world.

Expressing his country's appreciation of India's stand in opposing 'imperialism' and sympathies towards newly emerging socialist countries, like Kampuchea, Dr Guenther said a close cooperation between the two countries towards achieving peace was all the more important as their securities were among the worst threatened by the present situation.

In his speech CPI secretary N. K. Krishnan felt the Reagan administration would not be able to carry its deliberate collision course for long on face of opposition now building up within the US society and the government circles.

Stressing on the role both India and the GDR could play in strengthening the forces of peace, AICC-S general secretary said it was essentially in common stand on issues concerning peace and development that had cemented the friendship between India and the Socialist countries, even though the earlier ties might have resulted from the generous aid the former received.

Making an oblique reference to the recently formed Friends of the Soviet Union, Democratic Socialist Party president Chandrajit Yadav urged the various associations working for promotion of friendship with progressive countries to unite on major issues, like world peace.

Former University Grants Commission chairman Prof Satish Chandra stressed that while there were several areas where exchanges between India and the GDR had proved mutually beneficial, there was a need to step up literary exchanges, especially in regard to texts of German history being studied in India. According to Prof Chandra, most of these texts, which had been written by British historians had never correctly presented the 'militaristic past' of that country as 'expression of a class phenomenon.' He suggested that a reassessment made by German scholars of their history over the past 100 years should be made available to the students in India.

CSO: 4220/7344

SOVIET ENVOY SPEAKS AT OCTOBER ANNIVERSARY FETE

New Delhi PATRIOT in English 7 Nov 81 p 9

[Text] USSR Ambassador Y. M. Vorontsov on Friday condemned the whipping up of the arms race and the building up of tension in the world.

Speaking at a function to mark the 64th anniversary of the October socialist revolution in New Delhi on Friday he called it the most significant event which had inspired many people to fight for their right and emancipation from bondage.

Dwelling on the foreign policy of the USSR, Mr Vorontsov characterised it as a 'programme for continuing the deepening detente, a programme for curbing the arms race.'

He underlined the fact that the Soviet people are committed to a lasting and stable peace and pointed out how the bellicose forces of imperialism has worsened the international climate.

In this connection he stressed the friendship between the USSR and India. 'We are sure the two countries will play a leading role in all peace endeavours,' he said.

Deputy Minister of Works and Housing Mohammad Usman Arif who was the chief guest said the October revolution changed the pattern of living for the entire humanity and inspired similar revolution all over the world leading to emancipation of the mankind.

CSO: 4220/7360

INDUSTRY MINISTER DISCUSSES TECHNOLOGY POLICY

Bombay THE TIMES OF INDIA in English 8 Nov 81 p 12

[Text] New Delhi, November 7--The government sets much store by its policy of judicious blend of imported contemporary technology and indigenous know-how, through research and development, to attain accelerated industrial growth, the Union industry minister, Mr. Narayan Dutt Tiwari, said here today.

He also based his optimism on the "significant pick-up in investment intentions" evident from the consents for capital issues given to non-government companies.

Further, according to him, the larger number of letters of intent and industrial licences were clear indications of the increasing industrial investment activity.

The minister was speaking at the international seminar on "development challenges for the third world in the eighties", organised by the forum of financial writers.

At the outset, he pointed out that developing countries were facing a situation in which they were neither in a position to pay for their oil imports, nor could they do without it.

The resultant dependence on foreign resources was quite critical for developing countries, he said, and went on, "So far as India is concerned, the requirement of foreign resources for the public sector during the sixth plan has been projected at nine per cent. We shall be able to mobilise 91 per cent of the resources internally for financing public sector schemes."

Reviewing the developments of the past three decades, the minister maintained that the economy had gone through a structural transformation to achieve a high and sustained rate of growth.

CSO: 4220/7361

INDIAN BUSINESSMEN IN UAE AFFECTED BY NEW LAW

Madras THE HINDU in English 7 Nov 81 p 5

[Text]

DUBAI Nov 6

A number of leading Indian businessmen will have to give up their money-spinning trade agencies by 1982 in favour of the local nationals.

According to a new law published in the official United Arab Emirates (UAE) gazette a few days ago, during the transitional period, trade agencies will have to be registered with a new department to be created under the law. By the end of 1982, all agencies will have to be in the hands of local nationals.

Apart from the Indians, some of whom have been here for 10 to 30 or more years, businessmen from Pakistan, Britain and other countries will be affected by the new law.

The stronghold of foreign businessmen in the UAE is the Dubai Emirate where its ruler, Sheikh Rashid, has created a modern commercial trade

centre of West Asia with easy banking and communication facilities.

Nearly 2.20 lakh Indians are settled in this Emirate.

UAE imports consumer, electronic and edible goods, worth billions of dollars. Trade agencies distribute the goods to retail outlets not only in the UAE but also in other Gulf countries.

In fact, a bulk of the items imported in Dubai are re-exported or are purchased by the foreign community here for taking it back with them to their home countries.

Among the prominent Indians here holding important trade agencies are the Jaishanmal, Bhatia, Chothram and Cosmos groups, who have been operating here even before the creation of UAE in 1971.

But all these groups have had enough flexibility to cope with the growing Arabisation of trade. According to the Indian Merchant Association (IMA) Vice-

President, Mr Ram Buxani these groups are willing and ready to comply with the new law.

Mr Buxani told UNI that sooner or later this was bound to happen "as at certain stages every country has to meet the nationalistic aspirations of its people".

According to Mr Nizar Sardast, Director-General of the Dubai Chambers of Commerce and Industry, detailed regulations governing the enforcement of the law will be published soon. A draft commercial law is also being studied to regulate all commercial activities in the country.

Under the UAE law, retail business is already governed by a regulation which warrants majority ownership with the locals.

UAE is the first country in the Gulf to introduce the agency trade law in favour of the nationals. — UNI.

CSO: 4220/7358

BENEFITS OF INDO-SOVIET COOPERATION DESCRIBED

Calcutta THE STATESMAN in English 7 Nov 81 p 7

[Article by M. N. Dastur]

[Text] This year marks 26 years of rewarding Indo-Soviet technical and economic cooperation. During this period a number of industrial units have been set up with Soviet technical cooperation. Soviet assistance has been generally project-oriented with special emphasis on the development of key sectors such as steel and non-ferrous metals, oil and coal, machine building, power generation, space, science and technology and agriculture.

The steel sector was one of the first to receive large-scale Soviet assistance. In fact, the signing of the Indo-Soviet agreement in 1955 for the establishment of the Bhilai Steel Plant represents an important landmark of Soviet technical assistance to the development of India's steel industry during the past 25 years. The outstanding examples of Soviet collaboration in this sector are Bhilai and Bokaro, and now Visakhapatnam. The Bhilai plant has reached a capacity of 2.5 million tons; it is now being expanded to four million tons. Similarly, in the case of Bokaro: the first 1.7-million ton stage has now been completed and the construction of its expansion to four million tons is in progress.

In the course of the work on various Soviet-assisted projects in India, the Soviets have now come to appreciate the technological capabilities of Indian engineers. Also, Indian consultancy organizations, by virtue of their proven competence in projects in India and in other countries, have established their international reputation. In addition, the Indian Government policy guidelines have laid down that Indian consultancy organizations will be the prime consultants even on foreign collaboration projects.

Thus, for the new Visakhapatnam steel project--the first coast-based large steel plant in India--which is being built with Soviet equipment and technology for the major production units, the Indian consultancy organization is the principal consultant. Several new technologies will be introduced and adapted at this plant for the first time in India.

To meet the country's requirements and reduce its dependence on foreign supplies, the Indian Government took steps in the late 50s to create adequate capacity for the manufacture of heavy machinery and equipment. For this India received the technical assistance of the Soviet Union as evidenced by a number of machinery

and equipment plants like the Heavy Engineering Corporation, Ranchi; the Heavy Electrical Equipment Plant, Hardwar; Instrumentation Limited, Kota etc. This Soviet technical collaboration in the key machine-building sector has contributed a great deal to the development of the technological infrastructure in the country.

Another important field which has made good progress with Soviet collaboration is the oil sector. This is of great significance to the country's future economic development, particularly in the context of the present world energy crisis. The joint Indo-Soviet research has revealed a number of promising oil-bearing structures in the off-shore water on the western coast. The development of the Bombay High oil field bears witness to the fruitful cooperation in this field. The Soviets have provided technical assistance for oil refineries at Koyali (Gujarat), Barauni (Bihar) and Mathura (U.P.). A new 10-year agreement for cooperation in oil exploration is in the offing.

Similarly, the technical assistance extended by the Soviet Union to the development of India's coal sector includes the Kathara coal washery and Banki underground mine in Bihar; Manikpur open-cast mine, Madhya Pradesh; large open-cast mines for the development of Singrauli coalfields; underground mining for the exploitation of the Jharia block of the Ranigunj coalfield and the development of coking coal mines in the Ramgarh coalfields.

Power Plants

In the power sector, over 15 Soviet-aided power stations have been built in India. Among them are the Neyveli thermal power station (Tamil Nadu); the Korba thermal power station (Madhya Pradesh); the lower Sileru hydroelectric power station (Andhra Pradesh); the Harduaganj power station (Uttar Pradesh); the Hirakud hydro-power station (Orissa); the Obra thermal power station at Singrauli (Uttar Pradesh) and the Patratu thermal power station (Bihar).

India's entry into the space age with the launching of Aryabhata in 1975 also owed much to Soviet cooperation in the highly sophisticated field of space exploration. The Soviet Union along with other countries (the USA, the U.K. and France) has assisted in the establishment of the Thumba Equatorial Rocket Launching Station. The Indian Space Research Organization and the Soviet Hydrometeorological Services are also collaborating on various studies on climatology, atmosphere etc. India's second earth observation satellite, Bhaskara II, will be launched by an inter-cosmos vehicle from the Volgograd launching pad in the Soviet Union in the third week of November 1981.

Other sectors of the Indian economy that have benefited from Soviet technical cooperation are: mining, pharmaceuticals and drugs, non-ferrous metals, mass transport, agriculture, science and technology. Technical cooperation between the two countries has steadily developed over the past 25 years and is still growing.

By and large, India has gained by the technical collaboration of the Soviet Union, particularly in the local manufacture of equipment, structural fabrication, plant operations, maintenance etc. This transfer of know-how has been effected

mainly through supply of drawings and specifications as well as training of personnel and technical assistance during construction and equipment erection.

India has thus profited by Soviet technical and economic cooperation. Through the establishment of basic metallurgical, heavy engineering, chemical and other industries in the key sectors, India has built up a sound technological and industrial infrastructure. Simultaneously, it has built over the years the expertise for the planning, design, construction and operation of a wide range and variety of industrial plants, including sophisticated sectors like nuclear engineering and in the process achieved a degree of self-reliance.

CSO: 4220/7357

REPORT ON INDO-PORTUGUESE CULTURAL PACT

Calcutta THE STATESMAN in English 7 Nov 81 p 9

[Text] New Delhi, Nov. 6--India and Portugal today signed a cultural exchange programme. It will be valid for a period of two years beginning January 1, 1982.

The programme covers a wide spectrum of activities in the fields of education, science, art, culture, media, sports and public health. It seeks to explore areas of cooperation which would involve institutions, organizations and individuals in both countries.

The programme lays stress on establishment of bilateral contacts and exchanges between departments of universities and institutions of national importance and other institutions of higher learning in the two countries.

The programme also covers development of Portuguese language in India and study of Sanskrit and Indology in Portugal. The programme also visualizes cooperation between the national archival organizations in the two countries.

In pursuance of the cultural agreement between India and Portugal signed on April 7, 1980, an eight-member delegation led by Dr C. M. Ary Dos Santos, Deputy Director-General of Political Affairs in the Department of Cultural Affairs of the Ministry of External Affairs of Portugal visited India to negotiate and sign the first Indo-Portuguese cultural exchange programme for the years 1982-83.

The Indian delegation was led by Dr D. N. Misra, joint educational adviser, Ministry of Education and Culture.

CSO: 4220/7357

DETAILS OF INDO-VENEZUELAN COMMUNIQUE GIVEN

New Delhi PATRIOT in English 6 Nov 81 pp 1, 7

[Text] India and Venezuela have reaffirmed their determination to strengthen solidarity among countries of the Group of 77 for closer co-operation between developing nations, but simultaneously pointed out that this did not absolve developed countries of their responsibilities within the framework of the North-South dialogue.

This is embodied in the Indo-Venezuelan joint communique issued on Thursday afternoon at the end of Venezuelan President Dr Luis Herrera Campins three-day visit to India.

The communique pointed to the contribution India and Venezuela had made in the deliberations of the Group of 77, highlighting the 'positive results' of the high-level conference of economic cooperation among developing countries held in Venezuela in May, 1981 and reiterated the two countries' firm resolve to contribute actively to the early implementation of the Caracas programme.

The two countries underscored the need for nations to work together in a spirit of inter-dependence inevitable between developed and developing States. They expressed their view that global negotiations should be a 'decisive landmark in international cooperation' and felt that the success of such negotiations would depend on the 'political will' of participating States, especially the developed countries.

Bilateral Ties

Referring to bilateral relations, the communique noted the two countries' review of the excellent relations between the Petroleos de Venezuela and the Indian Oil Corporation particularly in the field of petroleum imports by the latter and concluded that they had "agreed to discuss enhanced supplies in the very near future."

The two countries also recognised immense possibilities of further expansion of economic and commercial exchange between them and agreed to conclude agreements in agricultural, economic, scientific and technical cooperation and cultural fields which were to be discussed 'through diplomatic channels.'

India and Venezuela voiced opposition to every form of interference in the internal affairs of other countries and came out in favour of the rights of peoples of every nation and country to "realise their aspirations for peace, social and economic justice and full freedom and independence to shape their own destinies."

The two also attached great importance to the principles enshrined in the UN Charter.

Both sides reaffirmed their full opposition to all forms of racial discrimination and especially to the practice of apartheid 'which offends human dignity and violates fundamental human rights.'

Dr Campins extended invitations to both President N. Sanjiva Reddy and Prime Minister Indira Gandhi to visit Venezuela, who accepted it with pleasure.

The Venezuelan President was given a ceremonial send off when he left here today for Paris. He was satisfied that his visit had been a step for greater friendship between his country and India.

President N. Sanjiva Reddy, bidding him farewell, also expressed that the visit had resulted in deeper understanding and had provided a new momentum to the development of ties between the two countries.

Mrs Gandhi, External Affairs Minister P. V. Narasimha Rao, Civil Aviation Minister A. P. Sharma and Health Minister B. Shankaramand were among those present at the Delhi airport to see off the Venezuelan leader.

CSO: 4220/7356

ECONOMIC COMMISSION HEAD ASSESSES CANCUN MEET

Madras THE HINDU in English 6 Nov 81 p 7

[Text]

NEW DELHI, Nov 5

Mr L. K. Jha, chairman of the Economic Administration Reforms Commission and former member of the Brandt Commission on North-South issues, said today that the Cancun summit last month had shown flexibility and responsiveness in the industrialised north to the problems of the developing south.

"I regard the Cancun summit as a distinct forward move and a gain largely in terms of a change in the climate of thinking," he said.

He was speaking at the fourth international seminar of economic journalists on "development challenges for the Third World in the eighties" organised by the forum of financial writers here.

Mr Jha felt the groundwork had been prepared for moving towards solutions of problems and an agreement. The willingness to come to agreement was writ large on the summit, he said.

He was impressed by the absence of "radical rhetoric" at the summit from any side except the Chinese statement to some extent.

Mr Jha hoped the summit would have a positive follow-up in the imminent

action on a proposal of the Group of 77 countries for a ministerial-level meeting.

Mr Jha felt the summit had paved the way for global negotiations in the U.N. by a compromise draft statement with the added sentence that the autonomy of world financial institutions should be respected.

Although no concrete decisions were taken, there was a clear consensus that the emergency programme for food should be got going so that countries facing famine or failure of crops might be helped. For obvious reasons, the summit did not go into details.

Mr Jha said the need for finances to enable investment of the right kind to enlarge irrigation facilities and application of fertilizers was solidly supported by the summit. The Indian experience in this regard was sought, he said.

He said there was also unanimous endorsement of the idea of an energy —affiliate of the World Bank and even the U.S. President, Mr. Reagan, had only left the position open by emphasising that the World Bank should be strengthened to deal with the energy problem. —PTI

CSO: 4220/7355

PORTUGUESE VISITOR TELLS COOPERATION POSSIBILITIES

Calcutta THE STATESMAN in English 6 Nov 81 p 9

[Text]

NEW DELHI, Nov 5.—Portugal will buy iron ore from India and offer its expertise in tourism and ship-building industries to this country, Mr Andre Pereira, the Foreign Minister of Portugal, told a Press conference here today, adding that his country was willing to go in for joint industrial ventures with Indian companies in Latin America where the Portuguese have considerable experience.

At the end of his talks with the Prime Minister and the External Affairs Minister, Mr Pereira said a high-level Indian delegation, consisting of public and private sector representatives, would visit Lisbon on November 9 to discuss arrangements for collaboration in the industrial field and explore the possibilities of establishing joint ventures in Latin America and other places.

He said his country might purchase iron ore for its steel mills, as well as other minerals from India. He envisaged exchange of experts, especially in the field of engineering, between the two countries.

The Portuguese Foreign Minister said his country had built the world's biggest shipyard in Oporto. Portugal was prepared to collaborate with India in this field too. The Indian Minister of Shipping, Mr. V. V. Giri, would shortly visit Portugal for detailed

discussions. A triangular shipping route between India, Europe and Latin America was under study, the Portuguese Minister added.

Mr Pereira described his talks with Mrs Gandhi as "very interesting and illuminating", and with Mr Narasimha Rao as "wide-ranging". He acknowledged that there were basic foreign policy differences between Portugal, a member of the North Atlantic Treaty Organization, and India, a leading non-aligned nation. His talks with Mrs Gandhi and Mr Rao, however, had been "a meeting of minds". Both India and Portugal were concerned about the present international situation and had agreed to work to reduce tensions.

The two countries shared the view that tensions in Europe were growing and that this constituted a threat to peace in the entire world. Poland was one of the causes of tension in Europe. There was controversy over stationing nuclear missiles in Europe to counter 150 SS-20 Soviet nuclear missiles.

He said that there was "definitely" a strategic military balance in favour of the Warsaw Pact in Europe. He added that if the Soviet Union dismantled their 150 SS-20 nuclear-tipped missiles in the Warsaw Pact States, NATO would pull out the Pershing missiles.

The visiting Minister denied that his country had given any military bases to the USA but admitted granting "some facilities" at an Air Force base in the Azores. He said Portugal would not permit installation of any nuclear missiles on its territory by any country.

Referring to the South Asian region, he said that India had to undergo a considerable burden in buying arms because of events beyond its borders.

Mr Pereira said he had discussed with Mr Rao the situation in Afghanistan, Kampuchea and the growing naval rivalry in the Indian Ocean. He strongly opposed the Soviet presence in Afghanistan.

The Portuguese Foreign Minister said that he appreciated India's earnest efforts to bring about peace in the region and elsewhere, and added that these were not "lip-service" to the cause of peace. Portugal, he added, was conscious of the positive role India was playing.

CSO: 4220/7354

UN DELEGATE WARNS AGAINST MISUSE OF OUTER SPACE

New Delhi PATRIOT in English 2 Nov 81 p 7

[Text] United Nations, Nov. 1 (PTI)--Mr Anand Singh, MP, member of the Indian Delegation to the current session of the UN General Assembly, warned against using outer space for "dark" purposes and affirmed that India was trying to develop space technology for the purpose of improving the quality of life of its people.

Addressing the special political committee, now discussing the report of the UN outer space committee Mr Singh said India felt that international cooperation in the peaceful uses of space was essential both for the orderly development of space activities and for the wellbeing of the global community.

Reviewing the space achievements made by India, he said: "Two successful launches of Rohini satellite by our own launch vehicles have marked the high point of our efforts to develop space technology. We hope to continue our efforts to improve the launch vehicles as well as satellites. Another high point in our efforts has been the launching of our first geosynchronous satellite, called APPLE." He also took for the occasion to congratulate the European Space Agency for the successful launching of Ariane that put APPLE in geo-stationary orbit.

Mr Singh said that based on the success of Bhaskara-I, India had proceeded with a repeat launch of a similar satellite, Bhaskara-II, expected to be launched from a Soviet cosmodrome.

He acknowledged the assistance extended by the Soviet Union to the Indian space programme over the years. He said India had been receiving assistance from the United States also. "We would like to record our appreciation of the assistances rendered by the US."

Mr Anand Singh urged the early completion of the work on the draft principles for direct television broadcasting satellites. A very narrow area separated success from failure, he said. If the delegations who have not yet agreed to an acceptable formulation that meets the concern of the majority of countries show the requisite political will, there is no reason why our work in this regard should not be completed by next year, he said.

CSO: 4220/7344

INADEQUACIES IN IMPLEMENTING LANGUAGE POLICY NOTED

Bombay THE TIMES OF INDIA in English 8 Nov 81 p 9

[Article by S. Dharmarajan]

[Text] New Delhi, November 7--Thirteen years after Parliament had commended the three-language formula as a tool for "promoting a sense of unity and facilitating communication among people in different parts of the country", its application has taken a course far from what the law-givers desired it to be.

Only a few states have sought to enforce it in conformity with the spirit and letter of the formula. Everywhere else even if accepted in principle the spirit of it is totally lacking.

The relevant resolution adopted by Parliament in 1968 proposed that "arrangements should be made in accordance with the formula for the study of a modern Indian language, preferably of southern languages, apart from Hindi and English, in Hindi-speaking areas and of Hindi along with the regional languages and English in non-Hindi-speaking areas."

The chief ministers of all states at a meeting in Delhi solemnly undertook to adopt it. The education ministry initiated schemes to facilitate the implementation.

Thirteen years later, most Hindi-speaking states have adopted a classical language or a modern Indian language other than a south Indian language as third language in school curriculum.

Tamil Nadu, on the strength of a resolution adopted by the legislature, enforced a two-language formula, keeping Hindi out of the curriculum. However, in the other southern states of Kerala, Karnataka and Andhra Pradesh, Hindi has become part of the three-language formula.

While Tamil Nadu brazenly ignores promotion of the study of Hindi, the policy of northern states hardly conforms to the spirit of the formula which envisages the adoption preferably of a southern language.

Even before Parliament adopted the resolution the central advisory board of education had as early as 1956 devised the three-language formula. It was

simplified and endorsed by a meeting of chief ministers. It has since received the backing of education commissions, conference of vice-chancellors and other concerned agencies.

The education ministry maintains that it is advisable that the three-language formula as enshrined in the national policy on education be followed and implemented "in its true spirit."

A related problem is the neglect of English relegating it to private schools where children of the elitist class go. The ministry feels the importance of study of the language cannot be under-estimated as it retains a significant place in education.

In fact, the national policy on education laid special emphasis on the study of English and other international languages. It had stated that the study of English deserved to be strengthened.

In the view of the ministry, the recommendations contained in the national policy in respect of English or the three-language formula least hinder the use of regional languages as the media of instruction. There could be no dispute over the primacy of the mother-tongue as the medium of instruction at the primary stage.

CSO: 4220/7361

IRANIAN STUDENTS' RAID ON NEWSPAPER PROTESTED

New Delhi PATRIOT in English 8 Nov 81 p 7

[Text]

PUNE, Nov. 7 (UNI) — The Press Council of India has taken a "serious" note of the attempts by some foreign nationals to interfere in the freedom of the press and has asked the External Affairs Ministry to "take action" through diplomatic channels.

In a letter to the Ministry, the Council noted that the allegations made by a local English daily were of 'serious' nature and urged the Government to take action 'with a view to curbing tendencies of the type reported by the complainant to interfere with the freedom of our press.'

The daily had complained to the Council that an Iranian students' organisation, Islamic Students' Association, had stormed its offices to demand that the paper publish a contradiction to a news item they had published.

The news item was based on a police report that a raid into the association's premises had unearthed a huge cache of arms and other weapons. The Islamic Students' Association, owing allegiance to Ayatollah Khomeini, was involved in scuffles with other anti-Khomeini factions here.

CSO: 4220/7362

BIG POWERS COMPETE IN WEAPONS SALES TO INDIA

Madras THE HINDU in English 2 Nov 81 p 9

[Article by G. K. Reddy]

[Text]

NEW DELHI Nov 1

The Prime Minister Mrs. Indira Gandhi will address tomorrow the opening session of the six-day biannual conference of the Army commanders, which is taking place immediately after the Air Force commanders conference, to review the country's security environment and plan the defence strategy for the next 10 years in the light of the new power rivalries in the region.

In her dual capacity as Prime Minister and Minister in charge of Defence, Mrs. Gandhi will be setting the tone for these discussions at the professional level by spelling out the geo-political compulsions that call for optimum preparedness on the part of the country's armed forces in the uncertain atmosphere created by the U.S. decision to rearm Pakistan.

Arms race

But the increasing involvement of the two super powers in the area, in the wake of the continued Soviet military presence in Afghanistan and the mounting U.S. commitments in the Gulf region, is giving the perfectly legitimate process of a change-over of weaponry from one generation to another in India the character of a witting or unwitting entanglement in an arms race with Pakistan.

The Defence Chiefs are justified in pressing for the latest weapons system to meet the requirements of the country's armed forces in this potentially dangerous situation. But it is the duty of the Government to maintain a proper balance between its economic constraints and defence obligations in embarking on a policy of rapid modernisation of the armed forces.

The Prime Minister has to pose this dilemma before the assembled Army commanders to focus attention on the need for a lower profile even in the face of provocation to avoid the hazards of an all-out arms race in the sub-continent with all the attendant risks of stumbling step by step into a competitive bid to acquire nuclear weapons.

Psychological warfare

The very process of a switch-over to more sophisticated conventional weapons system is exposing India to a concerted campaign of psychological warfare by the big powers which are competing with one another in selling arms. The policy-makers at the political and professional levels are getting caught up in a flurry of deinformation.

The old ideological dividing line that cast the Western powers and the Soviet Union in adversary roles with each side leaving no stone unturned in persuading or pressuring a potential buyer not to purchase arms from the other, has now been erased for all practical purposes. The fierce competition between individual suppliers now cuts across political alignments with each country attempting to outbid the others by exerting undue influence.

The British, for instance, have been bitterly complaining that the French have been at the back of the campaign against the Jaguar to sell their own Mirages. But now the French suspect the British hand behind the current propaganda against the Mirage-2000 in the wake of their own bid to project the Tornado as the real match to the F-16 the U.S. is selling to Pakistan.

Soviet offer

Similarly, the pro-Soviet lobby has been carrying on a big tirade against the proposed purchase of submarines from West Germany in preference to Sweden. The Soviet Navy Chief, Adm. 2nd Sergei Gorshkov, is expected to renew Moscow's offer of the latest naval craft including missile boats and submarines.

The U.S. is upset not so much by the Indian move to acquire the Mirage-2000s from France in preference to the Tornados offered by Britain as the concomitant decision to go in for MiG-23s and MiG-25s to give additional punch to its Air Force.

But otherwise, the Americans have been dragging their feet over the earlier offer to sell some mountain guns and TOW missiles by prolonging the delivery schedules and insisting on impossible conditions for the supply of ammunition or spares for them.

In normal circumstances, such keen competition between the seller nations should help a buyer country if it has the money to pay for the purchases. But for a country like India, which is borrowing over \$5 billions from the IMF to bridge the anticipated gap during the next three years, the process of modernisation of its armed forces is bound to impose an intolerable burden.

The money saved through a progressive curtailment of oil imports as a result of increased domestic production will be consumed by the mounting defence burden.

The country will have to spend several thousand crores over the next few years on this change-over to new weapons system. It is the consolation whether the payment is made in instalments spread over several years for the bulk of the equipment or in cash-down in some cases where no credits are available on reasonable interest rates.

FRENCH DEFENSE TECHNOLOGY IMPORTANT TO INDIA

Bombay THE TIMES OF INDIA in English 3 Nov 81 p 8

[Editorial: "Mirage and Reality"]

[Text]

The government is right in taking a close look at the Mirage-2000 French aircraft and even in thinking of acquiring 150 such planes. But it will be wrong if it rushes into a firm deal without fully taking into account all its implications. Much of the criticism that the proposed deal has evoked is misplaced because the critics are looking at the Mirage-2000 merely as India's answer to the F-16 that the U.S. is supplying to Pakistan. Pakistan will have 40 F-16s by 1986; only a few Mirage-2000s can be available to this country by then. In any case, the issue is not only how to meet the challenge of the F-16. The real problem is how to obtain access to high and constantly developing technology in aeronautics that would enable this country to cope with not merely the F-16 but also the even deadlier F-14s, F-15s and F-18s which may appear in the sub-continent's skies one day. There is a school of thought which argues that the Indian Air Force should permanently opt for low technology. It need not be taken seriously. The esoteric debate on the relative merits of the RDM radar, already fitted in the Mirage-2000 and the RDI radar, yet to be perfected by the French, can also be left alone for the present. But the problem of costs cannot be brushed aside.

On present estimates, 150 Mirage-2000s will cost \$3 billion, perhaps more because of price escalation. Even when spread over several years, the annual outflow will be large enough to evoke awkward questions from the IMF from which this country is seeking a whopping \$5.8 billion loan and the Soviet Union which sells arms to India on long-term credits. However, both this problem and several others can be taken care of if the proposed Mirage deal is viewed and negotiated, not in isolation, but as part of a mutually beneficial and comprehensive techno-economic collaboration between India and France. For this, both plenty of precedents and even greater scope exist.

Except for the United States and the Soviet Union, France is the only other independent source for the

transfer of defence technology to the third world. How desperately other western countries are tied to American apron-strings was demonstrated by the brusque U.S. veto of Sweden's offer of the Viggen aircraft to this country. A certain amount of collaboration with France in defence production is already on and some more, other than that in respect of the Mirage, is in the offing. This cooperation extends from electronics and helicopters to missiles and highly sophisticated alloys. Many sub-systems of the Jaguar are also contributed by France. The idea of marrying French Matra air-to-air missiles to the India-built MiG-21s has made much headway. More significant is the French willingness to allow India to produce under licence the Milan anti-tank missiles and their helicopter-borne version, because the U.S. has refused to sell India the TOW missile, made available to Pakistan in plenty.

This is by no means all. Transfer of technology by France in other critical fields such as space, nuclear power, laser technology, computers and so on has also been considerable. France can also provide technology of deep-sea mining, not easily available from elsewhere. All this has been possible because of two reasons. First there has always been, especially since General De Gaulle's rise to power, a certain amount of political understanding between the two countries. This can perhaps be improved under President Mitterrand. Secondly, France knows that, unlike the superpowers, it must have, in various high-technology areas, a country like India to collaborate with. Otherwise the massive investment would not be productive enough. The production of the Mirage-2000 and its subsequent development into the Mirage-4000 is one such area where France might need India as much as vice versa. Moreover, compared with other suppliers of high technology, France has proved to be a more reliable source. It may have reneged under U.S. pressure on its agreement with Pakistan on the uranium enrichment plant, but even in 1965 it did not interrupt its military supplies to this country. Britain did. On the question of costs France seems willing to establish arrangements for co-production, not just a supplier-and-buyer relationship with India. With adequate buy-back arrangements the net outflow of free foreign exchange to France can easily be reduced to a manageable level. Altogether therefore there is a promising prospect of an across-the-board techno-economic collaboration between India and France. Not merely the Mirage deal but a whole package of agreements on aeronautics can be an integral part of such a cooperation which can fruitfully be discussed during Mrs. Gandhi's visit to Paris later this month.

DEVELOPED COUNTRIES' EXPORT POLICIES SCORED

Madras THE HINDU in English 3 Nov 81 p 7

[Text]

NEW DELHI Nov 2

Representatives of over 20 developing countries which export textiles and are signatories to the Multi Fibre Arrangement today began a five-day meeting here with a call from the Commerce Minister Mr. Pranab Mukherjee for progressive liberalisation of international trade in textiles.

"We cannot contemplate an MFA which makes international trade in textiles more and more restrictive every time it is extended," Mr. Mukherjee told the meeting which was the fourth and the last in the series to harmonise the positions of the developing countries and evolve a common stand to be taken at the final round of negotiations on the future dispensation of MFA to be held later this month.

Mr. Felipe Jaramillo, Colombian Ambassador in Geneva who had been coordinating the activities of developing countries in this respect in the past few months, told the assembled delegates that the outcome of the final round of negotiations on future of MFA would depend on the decisions of the current New Delhi meeting.

New arrangement from January

The present Multi Fibre Arrangement expires on December 31 and the main concern of the developing countries is to secure a more liberalised pattern in the new arrangement, but will come into force from 1982. At the meeting here, they will examine the proposals made by the developed countries and formulate their response.

The issues being among the developing countries was reflected in the observation of Mr. Mukherjee that over four hours of the meeting had been discussed on the new international

economic Order and North-south dialogue. The developed countries were hardening their attitudes to the legitimate concerns and aspirations of the developing countries. He hoped that protectionist tendencies would be reversed and impetus given to trade liberalisation. He considered this as the more important in view of the evolution in recent years of new and more sophisticated forms of protectionism.

For example, the Minister said, developing countries had been, and are being confronted with demands for the institution of voluntary export restraints, orderly marketing arrangements and safeguards in an increasing number of so called sensitive industries.

The idea that developing countries should give reciprocity of access, sometimes on a sector-by-sector basis to the exports of developing countries — an idea which ignores both the economic principle of international specialisation based on dynamic comparative advantage and the historical inequities and imbalances from which the developing countries suffer — is also unfortunately sought to be given increasing currency, he felt.

The MFA, Mr. Mukherjee recalled, was originally conceived of as a temporary instrument to allow the principle of international comparative advantage work itself out in the area of textiles through a gradual restructuring of the industry without causing sudden or rapid disruptive effects in the markets of the importing countries.

In practice, it had been used as an instrument of protectionism which always presented itself as an easy and self-justifying option to the Governments of the importing countries. Protectionism had its own hidden costs which must nevertheless be borne by the developing countries when they resorted to it.

Consumers paid more when Govern-

ments decided to shut out competitive imports and employment ostensibly saved by protecting an inefficient industry was always at the cost of not creating additional jobs in more efficient sectors.

Thus structural adjustment is not merely a pious platitude in the MFA. It is also in the enlightened self-interest of the developed countries themselves. It is indeed a natural market process which protectionism retards to the detriment of society at large, he added.

Mr. Mukherjee said that the proposals made by the developing countries at the July meeting of the Textiles Committee formed a sound basis for the negotiations on the future of the Agreement. On the other hand, he felt that many of the proposals made by some of the major importing countries would convert the MFA into a more restrictive and protectionist instrument.

Concepts such as market access linked to growth in domestic demand, differentiation of exporting countries on the bases of level of development and sensitivity of products, cumulative market disruption and the so-called social clause would not be in keeping with the objective of a more liberalised trading system, Mr. Mukherjee added.

INDO-SOVIET POWER ENGINEERING GROUP MEETS

New Delhi PATRIOT in English 5 Nov 81 p 5

[Text]

MOSCOW, Nov. 4 (PTI)

INDIA and USSR are working out a five-year programme of co-operation in the field of power engineering which will be signed early next year.

This was stated by Soviet Deputy Minister of Power Engineering N Lopatin, while giving details of the results of the first meeting of the Indo-Soviet Joint Group for Power Engineering held here recently.

Mr Lopatin told APN that the joint group had discussed the programme for the construction of the Singrauli super thermal power station. A general contract would be signed in March 1982 for the construction of the plant.

While the equipment supply will be shared by the two countries, the project design will be entirely taken up by the USSR. The Soviet part on the project will be covered by the Soviet

credit given in 1960. Apart from the power units of 210 MW capacity, the Soviet side will supply all required equipment, materials and spare parts. It will also depute specialists and supervisors.

It was also decided at the joint meeting that the USSR would set up a special service in India to assist in repair and operational problems of Soviet equipment in India.

Discussions also took place at the meeting on the problem of setting up a power grid in India. A group of Indian experts is now in the Soviet Union to study the Soviet experience in building its power grid.

Mr Lopatin said that 'this is one of the most promising directions of our cooperation,' particularly so because the first grid was to be set up at Singrauli station with Soviet assistance.

CSO: 4220/7352

BUREAU OF MINES REPORTS MINERAL EXPORT TRENDS

New Delhi PATRIOT in English 9 Nov 81 pp 1, 7

[Text] Deep concern has been expressed at the massive deficit in India's overseas trade in metals and minerals, which has progressively widened in the last decade.

While India has had to pay progressively higher rates for importing much needed metals and minerals, items that India exports have not been able to fetch commensurate prices, a study conducted by the Indian Bureau of Mines shows.

The review by the Mineral Statistical Division, which analyses the export and import trends over the last decade, calls for concerted efforts to obtain a better price for Indian export commodities and augmenting indigenous production in minerals, metals, concentrates and alloys to restrict the expensive imports.

The value of imports of minerals and metals exceeded the value of exports by Rs 11,597 million in 1974 which was due to hike in petroleum prices after the West Asia war in 1973.

Considerable improvement in exports, particularly of metals, narrowed down the difference to Rs 6,546 million in 1975. However, progressive decline in exports of metals and other products on the one hand and successive increase in the oil import bill and higher imports of metals on the other, the gap widened again and reached the highest level of Rs 22,662 million in 1979. The trade gap in minerals and metals in 1979 constituted over 90 per cent of the trade gap in the total merchandise.

The share of minerals and metals in the total value of exports increased progressively from 14.5 per cent (minerals 9.8 per cent and metals 4.7 per cent) in 1974 to 24.4 per cent (minerals 18.1 per cent and metals 6.3 per cent) in 1978. It, however, declined to 18.3 per cent (minerals 15.2 per cent and metals 3.1 per cent) in 1979 primarily due to lower exports of cut diamond and steep fall in metals exports particularly of iron and steel and silver.

Minerals and metals accounted for a much bigger share in the total imports of merchandise, because of the larger imports of iron and steel, copper, aluminium and lead.

The share of minerals and metals, which was as high as 38.7 per cent (minerals 25.3 per cent and metals 13.4 per cent) in 1974 fell to 31 per cent (minerals 21.9 per cent and metals 9.1 per cent) in 1975 but moved up to the level of 30 per cent. A further sharp increase was recorded in 1979, the share touching the peak level of 44.5 per cent (minerals 31.7 per cent and metals 12.8 per cent).

Rising Trend

The total value of the country's exports and imports showed a rising trend during 1974-75 to 1979-80, almost doubling over the period. The uptrend recorded in exports was steady and sharp throughout the period rising from Rs 33,233 million in 1974-75 to Rs 64,392 million in 1979-80. But for a minor break in 1976-77, the imports also recorded a continuous and spectacular rise from Rs 45,187 million in 1974-75 to a record level of Rs 88,878 million in 1979-80.

The gain was more than offset by an overwhelming increase in the value of imports mostly due to spurt in petroleum prices. But for a nominal favourable balance of trade in 1976-77, large adverse balance of trade has been a prominent feature during this period, especially in 1979-80 when the deficit became more than double compared to the proceeding year touching the all time record of Rs 24,386 million, the report shows.

There have been significant changes in the direction of export trade in minerals and metals during this period, particularly during 1977 to 1979. One notable change has been the decline in the share of exports to Japan, which came down from 34 per cent in 1974 to 19 per cent in 1978. It, however, improved to 28 per cent in 1979. The share of Belgium which was nominal till 1976 became sizeable constituting 11 per cent to 14 per cent in the subsequent years, due to the spurt in the exports of diamond and semi-precious stones. The US also improved its position during 1977 to 1979, the share rising to 14 per cent to 15 per cent in 1978 and 1979.

On the other hand, UK's share dropped steadily from 10 per cent in 1975 and 1976 to 4 per cent in 1979. The exports to other principal countries viz. Hong Kong, France, Netherlands, Switzerland, USSR and Iran, Korea Republic and Saudi Arabia tended to show some improvement.

Two main factors, which have influenced the import trade in minerals and metals and the relative share of individual countries have been the increasing dominance of petroleum and in recent years of diamond and other precious and semi-precious stones. The major individual countries, which notably figured in India's import trade in minerals and metals were Iraq, Iran, Saudi Arabia, UK, USSR, Belgium, Japan, UAE, Federal Republic of Germany, USA and Australia. These countries together accounted for 84 per cent of the total imports of minerals and variations.

The imports from Iran which were around 28 per cent of the total till 1977 came down to 10 per cent in 1979. The share of Saudi Arabia which was over 16 per cent in 1975 and 1976 dropped below 10 per cent in 1978 and 1979. Iraq on the other hand, increased its share from around 13 per cent in 1975 to 1977 to

17 per cent in 1978 and 23 per cent in 1979 becoming the largest supplier. The Soviet Union also emerged as one of the principal suppliers following commencement of imports of petroleum from 1977 onwards. Its share rose progressively from 2 per cent in 1976 to 7 per cent in 1979.

The export earning from minerals which recorded a continuously increasing trend reaching the all time high at Rs 9,793 million in 1978 declined by 11 per cent to Rs 8,718 million in 1978 [years as published].

Diamond continued to be a major item. The exports of cut diamonds, which witnessed a phenomenal increase in past years suffered a setback in 1979. After registering the record level of Rs 6,224 million in 1978, the export earning declined sharply by 35 per cent to 4,594 million in 1979. This was due to the fact that the boom in world diamond trade abated leading to a fall in India's exports in 1979. India has a comparatively low indigenous production of diamond but possesses an excellent reservoir of skilled workmen for cutting and polishing of diamonds. Wage rates are also comparatively low. Uncut diamonds are imported on a large scale for cutting and polishing and re-export. Belgium, USA, Hong Kong and Japan continue to be the principal markets together accounting for 77 per cent of the total exports of cut-diamond. Other buyers include UK, Switzerland, Israel, Singapore and France.

After a setback in 1978, the exports of iron ore recovered in 1979 and the value of exports touched the record level of Rs 2,723 million registering an increase of 2.4 per cent over the previous year. During the quin-quennium ending 1979 the exports of iron ore rose by 7 per cent in terms of quantity and 32 per cent in value. Japan continued to be the principal buyer of Indian iron ore accounting for 69 per cent of the total exports.

The value of mica (manufactured and worked) was slightly lower during 1979 at Rs 250 million relative to Rs 272 million in 1978. The quantum of mica exports has been gradually declining over the period, mainly due to fall in the exports of scrap and powder mica. The exports of scrap mica and mica powder was 7,249 tonnes and 3,637 tonnes during 1979 as compared to 22,532 tonnes and 8,066 tonnes respectively in 1975.

After reaching the highest level of 371,000 tonnes in 1975 the exports of chromite showed a gradual fall declining to a mere 67,000 tonnes during 1978, largely due to recession in the world steel industry, particularly in Japan, the chief buyer of chromite from India. The exports of chromite were canalised through MMTC from August 1978. The exports in 1979 increased sharply to 236,000 tonnes in favourable market conditions.

Metals

India's foreign trade in metals witnessed a gradual decline in exports in general and progressive increase in imports in recent years. This is attributed largely to the rising demand for steel and other metals in conjunction with shortfalls in domestic production, caused by shortage of power and coal and transport bottleneck. Further, silver which was hitherto a major item of exports, came under export restrictions. The fall in metal exports accompanied by higher imports were particularly pronounced in 1979.

Exports of metals, which attained the peak level of Rs 5,633 million in 1976 registering a two-fold increase compared to 1975, declined steadily in the subsequent years.

Imports

The import bill of minerals increased steadily in recent years reaching a new high at Rs 23,607 million in 1979 as compared to Rs 11,763 in 1975, mainly due to higher prices of petroleum and increased imports of diamond. These two items together accounted for 90 per cent of the total value of minerals imports during 1979.

CSO: 4220/7363

AID TO THIRD WORLD FROM OIL-RICH NATIONS URGED

Bombay THE TIMES OF INDIA in English 6 Nov 81 pp 1, 9

[Excerpt] New Delhi, November 5--The need for increased aid from the oil-rich nations to capital-starved countries of the third world, through direct financial links, was emphasised here today by the finance minister, Mr. R. Venkataraman.

According to him, this process would be in the mutual interest of both parties.

He also noted that this had become imperative because of the implied politicisation of economic relations by the industrialised countries.

Mr. Venkataraman expressed his views in his inaugural address, read out in his absence by the secretary for economic affairs, Mr. R. N. Malhotra, at the opening session of the international seminar of economic journalists. The theme of the seminar, organised by the Forum of Financial Writers, is "development challenges before the third world in the eighties."

The minister pointed out that in spite of the achievements of the past three decades, the continuing rise in the population eating up most of the expansion in output. Persistent unemployment in rural areas and rapidly rising expectations outstripping the ability of the economic system to respond, constituted major challenges.

Major Challenges

Further, all third world countries faced new and externally imposed challenges which called for a substantial and speedy response.

The massive increase in the world price of oil, from two dollars a barrel in 1972 to 34 dollars a barrel now, signalled the end of the era of cheap energy. This had come at a time when the third world countries were embarking upon their industrialisation process, he said.

Mr. Venkataraman referred to the financing gap faced by the third world countries resulting from high prices for imported energy, a basic need for their development, and the slow-down of world trade and protectionism. He estimated the "truly staggering" financing gap at 80 billion dollars.

He acknowledged that financing was only a short-term solution and, in the long run, third world countries must reduce their dependence upon imported energy and also increase their ability to pay for the essential import requirements.

Speaking of the scarcity of energy resources, Mr. Venkataraman cited a recent estimate, according to which the total investment in energy which the developing countries must undertake in the five-year period, 1981-86, amounted to 300 billion dollars. Most of it would have to be mobilised from within third world countries.

This pointed to the need for external finance, a crucial element in the strategy of adjustment. It was in this connection that he referred to the insensitiveness of the industrialised countries to the needs of the situation, and proposed that third world funds should be channelled back into the third world through direct financial links instead of through the commercial financial institutions of industrialised countries.

At the same time, he maintained that action was imperative on the home front in developing adequate exportable supplies and moderating inflationary pressures. This should be in addition to action in the international area against protectionist barriers.

He wanted third world countries to press in every forum for the steady dismantling of these protectionist barriers. They must also simultaneously explore the alternative route of expansion of trade among themselves, he said.

CSO: 4220/7353

INDO-FRENCH COLLABORATION IN OIL FIELD PLANNED

New Delhi PATRIOT in English 9 Nov 81 p 7

[Text] Indo-French collaboration in fields of oil and petro-chemicals will be further developed.

Indian public sector organisations and institutions in the oil and petro-chemical fields and French Petroleum Institute and its associated and subsidiary organisations in France proposes to reinforce their relations through identification of specific areas of cooperation in exploration, production and processing of hydrocarbons.

Following discussions between an IFP team led by its general manager and a number of public sector organisations including the ONGC, OIL, IOC Hindustan Petroleum Corporation, Bharat Petroleum Corporation, Engineers India Ltd, Indian Petrochemicals Corporation and the Indian Institute of Petroleum, a memorandum of understanding was signed recently to further examine potential areas of interest in which the Indian and French organisations could collaborate to mutual advantage.

The memorandum of understanding was signed by Dr S. Varadarajan, Chairman EIL on behalf of Indian public sector organisations in the petroleum sector and by Dr J. C. Balaceanu, general manager of IFP and leader of the French team.

According to the memorandum of understanding future interests of the two sides could be in the exchange of personnel in research and development, improvement of equipment and capabilities in Indian research and investigative organisations, provision of services and equipment for all oil and petro-chemical activities, identification of joint research programmes and cooperation in projects in third countries.

CSO: 4220/7363

PRC DELEGATION DISCUSSES IRON ORE PURCHASE

Calcutta THE STATESMAN in English 12 Nov 81 p 3

[Text]

A THREE-man delegation from the People's Republic of China, which visited Calcutta port on Monday showed interest in importing iron ore to that country from the east coast ports of India including Haldia.

The team, during discussions with the Chairman of Calcutta Port Trust, Mr R. H. M. D'Silva, suggested that iron ore could be despatched from Haldia in small chartered vessels. Small vessels, it was pointed out, would be suitable because of limitation of draft at Haldia.

The draft at Haldia, which has a modern iron ore berth, is 20 feet. But the modern ore and bulk carriers require much deeper draft. Because of this, the iron ore berth is unused at present.

The Port Trust authorities propose to ask the Union Shipping Ministry to explore the possibility of exporting iron ore to China from Haldia.

The team, which included Mr Qian Shu Dong, senior Vice President, Chinese Metallurgical Import and Export Corporation, Mr Zhou Jiu Qin, chief of export and Mr Wang Long Chen, transportation expert, visited the port to assess infra-structural facilities for handling import cargo mainly structural steel and pig iron. They indicated that import traffic of about 1.5 million tons would have to be handled at Calcutta port. Port Trust sources said that the delegation was satisfied with the facilities at Calcutta.

CSO: 4220/7365

BRIEFS

INDO-ALGERIAN SHIPPING PACT--New Delhi, November 3 (UNI)--Union shipping and transport minister, Mr. Veerendra Patil today informed members of the consultative committee of parliament attached to the ministry, that an Indo-Algerian shipping agreement has been signed, according to an official release. This will pave the way for starting a shipping service between India and Algeria and is expected to give a boost to the trade between the two countries. "All cargoes between the two countries will be carried by Indian and Algerian vessels on the principle of parity in liftings and freight earnings. The agreement will come into force after the designated organisations from the two sides finalise an agreement at the commercial level," he said. Referring to congestion at Bombay port, the minister said that the position has been improving. As on October 31, 1981, 16 vessels in a state of readiness were waiting for berths as against 31 on August 31, 1981. Referring to the road transport advisory committee meeting held recently the minister said that the members favoured greater usage of multi-axle vehicles in keeping with the modern technological advances and similar systems in other countries. [Text] [Calcutta THE STATESMAN in English 5 Nov 81 p 23]

MAHARASHTRA CABINET CHANGES--Bombay, Nov. 4--The Maharashtra Chief Minister, Mr. A. R. Antulay will now look after General Administration, Home, Information and Public Relations, Transport and any other subject not specifically allotted to any Minister, in the reallocation of portfolios announced here today. Mr. Babasaheb Bhosale has been allotted Law and Judiciary and Rural Development. He was earlier holding the Transport portfolio. The reallocation has arisen following dropping of Mrs. Shalinitai Patil and Mr. Baburao Kale from the Cabinet. [Text] [Madras THE HINDU in English 5 Nov 81 p 7]

SAUDI DEVELOPMENT LOAN--New Delhi, Nov. 6--The Saudi Development Fund (SFD) has agreed to give a loan of 106 million Saudi Riyals (a little over Rs. 27 crores) for the giant 710 mw Koel-Karo hydroelectric project in Bihar. According to the National Hydroelectric Power Corporation, which is building the project, SFD will enter into an agreement to this effect with the Government of India. India on its part will be lending the rupee equivalent of the SFD loan to NHPC and enter into a subsidiary loan agreement with NHPC. The Koel-Karo project is expected to harness the bulk of the hydroelectric potential of the South Koel river and its tributary, the North Karb. The estimated cost of the project is Rs. 390 crores. Besides Koel-Karo NHPC has four other major projects under construction. On completion these four together will make an addition of 1,020 MW of power. The Corporation is also building a 14.1 mw hydel project in Nepal. [Text] [Madras THE HINDU in English 7 Nov 81 p 7]

LAST INDIGENOUS MIG-21M--New Delhi, Nov. 11--The last of the MIG-21 M fighter aircraft rolled out of the Hindustan Aeronautics assembly line today, ending a 10-year indigenous production programme of this type. The last MIG-21 M will be handed over to the Minister of State for Defence, Mr. Shivraj Patil at a special ceremony at Nasik tomorrow by the HAL Chairman, Group Captain Baljit Kapur. With this the IAF will have a force level of five squadrons of MIG-21 M. Defence Ministry sources said the production of the latest version in this series MIG-21 (BIS) would, however, continue for a few years.--UNI. [Text] [Madras THE HINDU in English 12 Nov 81 p 7]

CSO: 4220/7367

INTERVIEW WITH NAVAL CHIEF OF STAFF

Jakarta SINAR HARAPAN in Indonesian 10 Oct 81 pp 1, 12

[Excerpts] Indonesia's Naval Chief of Staff Admiral Waluyo Sugito said that everyday the navy monitors the movement of foreign ships that pass through Indonesian territory, on the surface or under water.

In an exclusive interview with this paper Saturday morning, Admiral Waluyo said we can detect each day which vessels are berthed in Cam Ranh Bay (a Vietnamese harbor often frequented by Russian warships) and which others drop anchor at Subic Bay (U.S. naval port in the Philippines), "but please do not ask how we get such information, because this involves military intelligence."

Waluyo explained that Indonesian waters, strategically situated between the Indian Ocean and Pacific Ocean, are always utilized by warships of major powers, whether one wishes it or not. "It is true that some countries would inform us ahead of time about an impending crossing of their vessels over our waters, but other countries simply keep quiet when their warships pass through Lombok Strait. Nevertheless, we are able to monitor their movements."

For instance, during the latest joint armed forces exercises, Indonesian warships could successfully detect the presence of foreign submarines which followed a convoy of Indonesian war vessels. "I asked for instruction from our naval leadership at Baucau whether to order those foreign submarines to surface or not, but was told to acquiesce, for they were not disturbing us."

In reply to a question, the four-star admiral said our present naval equipment is sufficient to defend Indonesian waters, as compared with the past.

Indonesia's warships are not deployed to certain regions, but are used in and for the "mobile flotilla" system whereby the ships are sent to a particular sensitive area for special tasks at a given time.

The naval chief of staff said that this system is effective for preventing the poaching of fish or shrimp by foreign trawlers in East Indonesian waters. During the wet monsoon, the warships are withdrawn from East Indonesia, because no foreign ships would go to sea to catch marine products there.

If our ships are deployed to certain ports on a regular basis, they would serve no purpose.

Asked about the public sense of awareness of the significance of the navy's role for the defense of the Indonesian archipelago, Admiral Waluyo said that all the people have fully understood the functions of the navy. "Members of the House Commission I are also aware of the navy's important role," he said, "but they are reluctant to discuss expenditures." The price of a submarine is not cheap; the one paraded during the recent Armed Forces Day cost \$110 million. With that money we can buy many airplanes, and the army can equip its divisions.

Asked about the future dangers faced by the navy, the naval chief of staff declined to make a forecast. "It is not easy to know who will be our 'probable enemy' in the days to come," he said cautiously, "but the 'probable enemy' may not come from the north." The Natuna Archipelago region may be described as a sensitive region, but let us not be deceived by things that come from the north, he added.

"It is possible that suddenly our foes have landed at Pameumpeuk or Pelabuhan Ratu, while we are training our eyes toward the north," he said somewhat jokingly.

"In future, the war that may break out will take the form of a 'limited war,' but not necessarily as a result of a 'border war,' he continued. "We simply cannot predict."

Nevertheless, he called on the Indonesian people to realize that the dangers being faced by Indonesia are not merely infiltration and subversion activities. "A limited war is very probable," Waluyo said.

Although the Indonesian Navy now possesses 14 new warships, they were acquired 3 or 4 years ago. "The ships we have ordered will arrive here 3 or 4 years later," he said.

With the combined fleet of new, sophisticated ships and old warships supplied by Russia, Admiral Waluyo is convinced that the Indonesian Navy is capable of defending Indonesian waters, although his word is to be taken with a grain of salt.

"For the Indonesian Navy, we must not use the comparison between the wide open seas and the number of available warships, because many other factors are involved in it," he explained.

9300
CSO: 4213/10

MONEY IN CIRCULATION TOTALS OVER 5 BILLION RUPIAHS

Jakarta MERDEKA in Indonesian 23 Oct 81 pp 1, 2

[Excerpts] Widjojo Nitisastro, minister for economic, financial and industrial affairs and concurrently chairman of the National Development Planning Board (Bappenas), stated that Indonesia's economic development during 1980 was more stable than the previous year. This was attributed to favorable general conditions, which brought about an increase in agricultural and industrial goods and services, and also better control of the rate of inflation.

Widjojo made these remarks during a work conference with House Commission X, led by Chairman Suryadi, in Jakarta Wednesday evening.

According to the minister, the government's success in speeding up the economic growth rate in 1980 would be maintained for this year which has 2 months to go. Yet, he warned, we have to be wary of a trend of world economic turmoil caused by a recession in industrial nations, which would affect development in developing countries. He added that industrial nations would be inclined to suppress prices of exports from the Third World.

By way of example, the minister mentioned regulation over certain commodities, such as tin, natural rubber, coffee and others. Regarding tin, for instance, the United States and a number of other countries have refused to take part in the International Tin Agreement for ascertaining the price of tin.

The minister also pointed out that the current recession in the industrialized world would spread to developed countries in the West and even to several socialist countries in 1982.

The minister made mention of the increasing currency. He said that in September 1980, money in circulation totaled 4,695,000,000 rupiahs, and the figure increased to 5,842,000,000 rupiahs one year later. The increase, according to the minister, was due to the growth in bank credits in rupiah and also to the increase in the production of goods and services. He added that thanks to a strong economic growth, Indonesia has escaped from a recession. He cited that food production increased by 13.3 percent in 1980--an unprecedented event. He attributed this phenomenon to the industriousness of farmers, aided by a coordinated intensification in the utilization of irrigation, pesticides and fertilizer.

An increase of about 21 percent and about 9.6 percent was registered in the fields of industry and of goods and services, respectively. These increases represented real values, not because of the rise in oil prices. Compared with industrialized nations, Indonesia's industrial growth constituted the top.

During the work conference, Minister Widjojo was assisted by Sumarlin, deputy chairman of Bappenas, on the discussion concerning the 1982-83 budget and the decrease in inflation rate.

He said that the inflation was about 11.8 percent during the January-September, 1980 period, but it was down to 5.73 percent for the corresponding period in 1981. It dropped further down to 3.02 percent between April and September, 1981.

In content, the inflation rate in various industrialized countries currently being hit by a recession has reached 14 to 15 percent. As inflation often spreads to other countries, we must guard ourselves against importing inflation, Minister Widjojo said.

9300

CSO: 4213/10

IRIAN JAYA DISSIDENTS REPORTED ACTIVE

Jakarta TEMPO in Indonesian 24 Oct 81 pp 13, 14

[Text] Until the end of last week, especially at night, a deserted atmosphere prevailed over Jayapura, Abepura and Sentani in Irian Jaya province. "Now it's difficult to find a taxi after 8 pm, whereas in the past it used to be easy to get it, even at midnight," said a Jakarta businessman who has just returned from Irian Jaya.

The quiet situation is apparently a consequence of the "9 October incident." On the early morning of 9 October, according to MERDEKA daily, a wild terrorist group [GPL] advocating "Papua Merdeka" [Independent Papua] attacked the Abepura Rehabilitation Center, at Abepura Regency, South Jayapura. As a result of the sudden attack, the prison guards ran away, while the terrorists ransacked and destroyed the office and personal belongings of the guards. The motive of the attack, according to Brigadier General Yusuf Chuseinsaputra, chief of the Irian Jaya XII Police Region, was to free their fellowmen who were being detained on orders of the Irian Jaya Special Executive Officer.

"The terroristic act of OPM (Free Papua Organization--Organisasi Papua Merdeka) is no longer a political struggle, but has turned into a criminal offense," said Yakob Mano, a congressman representing Development Party hailing from Irian Jaya who happened to be on the spot at the time of the incident.

According to several sources in Jakarta, the OPM dissidents, estimated in hundreds, descended from the hills behind Abepura city around 4:30 in the morning. They came down in three groups, equipped with pistols, Mausers, chopping knives, javelins and spears. Unable to break into the detention house to free their comrades-in-distress, the attackers broke the doors and windows of two adjacent houses occupied by the prison guards.

Around 5:30 pm, the attackers ran back to the hills, and on the way they managed to damage several houses, including the home of an official of the Transportation and Communication Service suspected of being an army officer. His motorcycle was destroyed, and a truck parked across the house had its windows and windshield shattered.

After their sortie, the OMP dissidents reportedly raised their red-colored stripes and stars flag at the hilltop, singing and dancing a Wanema war song around the flag. They disbanded after hearing mortar shots fired by government security officers.

The terroristic act was far from over. Last Wednesday the same group raided a lumber storage center owned by PT Hanurata at Holtekang, which included workers' living quarters, tractors and other equipment. At least five workers' sheds were burnt down, while several tenants, including one Malaysian and one Hongkong citizen, who were partners of the company, were held hostage.

The next morning, fighting took place between the dissidents and the security people. Tens of the dissidents were reported killed, about 30 other followers captured and some firearms confiscated. It turned out that some of the trouble-makers were students and teachers in Jayapura.

According to some Irian Jaya individuals residing in Jakarta, the attack by the dissidents was to be expected. "The security people over there were caught off guard," commented one, adding that signs leading toward possible disturbances had long been detectable. In fact, several "incidents" have flared up since the end of last September, including potshots at a motor vehicle belonging to Jayapura Radio Station and a tank truck carrying high-octane gasoline. One helicopter and another one trying to land at Sentani airport were also shot at.

The Special Security Office at Irian Jaya has taken several measures to overcome the terrorists' act. The Sentani-Abepura-Jayapura road is now patrolled by fully-equipped Army troops. However, local security people apparently regarded the OPM attack as a "naughty kid stuff," simply as a sign of social dissatisfaction without any political significance.

Consequently, the Special Security Office at Irian Jaya has since 1978 adopted a "policy of smiles" by a humanitarian approach in order to convince the dissidents and invite them to work together for the development of Irian Jaya.

This smiling approach was considered successful, to wit, the return of Marthin Tabu, self-styled President of West Papua and general of National Liberation Forces, to the fold of the Indonesian Republic on 16 April 1980. Marthin Tabu had been living in the jungles for the past 20 years, and it was he who master-minded the capture of several government officials at the end of 1978.

Dissatisfaction and frustration in certain Irian Jaya circles, which culminated in the recent terroristic attack, apparently was triggered by the lack of job opportunities for the "youths of the region." "Symptoms of dissatisfaction, which have been caused by lack of job opportunities for local youths and discrimination against them, ought to be wiped out," said Yakob Mano.

In the opinion of this member of the House Commission VI, Governor Busiri has now given many work opportunities to regional youths. For instance, in nine regencies of Irian Jaya, the posts of five regents and one mayor are held by the local people. Moreover, several key positions in regional government are held by Irian sons. Of the 9 members of the House of Representatives representing Irian Jaya, 5 are native sons.

According to another source, the Irian Jaya people were dissatisfied over the handling of the "Trikorā Award" by the central government. This award was given to officials stationed in Irian Jaya before 1969 for their active participation in the struggle to wrest Irian Jaya from the Dutch. Today many officials are envious and disgruntled because they have not been given this "Trikorā Award", although they, too, took part in the political struggle then. ["Trikorā" stands for "Tri Komando Rakyat--Three Commands of the people," which was launched by the then President Sukarno in his campaign to get Irian Jaya from the Dutch hands.]

Sudarko Prawiroyudo, a Parliament member representing Irian Jaya, said that the smiling policy pursued by the government is correct. "But I hope that this policy is spread far and wide to embrace and to be understood by the common people, and not by the members of the armed forces only. In this manner, the responsibility will fall squarely on all the people, and not on the shoulders of the armed forces alone," he explained.

9300

CSO: 4213/10

INDONESIA

CORRUPTION IN GOVERNMENT CIRCLES STILL RAMPANT

Jakarta KOMPAS in Indonesian 14 Oct 81 pp 1, 12

[Excerpts] Admiral Sudomo, commander for the Restoration of Security and Order, called on all functionaries to make a firsthand check on statements uttered by officeholders before publicly commenting on them, in order to get a clear picture of the situation.

Sudomo made the appeal through the press after holding a one-hour meeting with Umar Wirahadikusumah, chairman of the Financial Inspection Agency (Bepeka), at the latter's office.

According to Sudomo, the purpose of the meeting was to verify a public statement made by the Bepeka chairman last week concerning embezzlements of government money in various departments. Umar's statement was in fact a comment on a news report about corruption cases cited by Emil Salim, minister for the Supervision of Development and Environment [PPLH - Pengawasan Pembangunan dan Lingkungan Hidup], during a work conference with the Department of Public Works.

Sudomo said: "I request all government officials to carefully check beforehand a statement made by some other official, and not to rashly offer their own comments. Only then will everything be clear. But now everybody wants to join the action before knowing the true situation, making comments left and right. This has caused tension among us, especially when the problem involves corruption."

Sudomo added: "Let us all realize that our government does not tolerate corruption in any form or manifestation. And if we receive reports of corruption, we shall take action."

Earlier, Sudomo explained that Bepeka Chairman Umar Wirahadikusumah had never stated that "the government apparatus is not strong enough to curtail corruption cases" as reported by a newspaper in Jakarta.

"Mr Umar never issued such a statement," said Sudomo. "What he said is that corruption is rampant in all departments. This is a fact. But Umar added that of late much progress has been achieved in forestalling irregularities.

"Now, by rampancy, Mr Umar meant that he found several cases in a number of departments. It is indeed true that corruption exists in virtually all departments.

"The departments concerned may verify the charges directly with Mr Umar, whether investigations carried out by the Bepeka have indeed found corruption cases or not. But it is erroneous to infer Mr Umar had said that every official in the departments concerned is corrupt," Sudomo explained.

It is true that in a press report early last week, Mr Umar used the word "widespread" in his statement, but this was in reply to a reporter's question "Which government department is most conspicuous for committing deviations?" To this question, Umar gave a laconic reply: "Widespread."

Later, Sudomo explained briefly the tasks and authority of the Financial Inspection Agency. He said that this agency is authorized only to inspect and check financial records, but not to carry out investigations on alleged corruption cases.

According to Sudomo, the Bepeka submits its annual auditing of government finances to the Parliament and the President. If it discovers some irregularities in certain departments, it reports the findings to the attorney-general's office. Sudomo added that his meeting with Umar was not to discuss corruption cases, but to ask for a clarification concerning the latter's statement published in the papers last week.

9300

CSO: 4213/10

CANADIAN AID POSSIBLE FOR PAK COPPER PROJECT

Karachi BUSINESS RECORDER in English 9 Nov 81 p 1

[Text] Canadian assistance is in the offing for the long-awaited implementation of the Saindak Copper Project, it is learnt.

Chairman of SNC--International, an engineering company of Canada Gaetan Lavalee is scheduled to arrive in Pakistan and will hold talks with the Chairman of the Resource Development Corporation for this project. The SNC--International of Canada is reported to be the largest engineering Company in the world having the strength of about 30,000 employees on its roll.

Gaetan Lavalee is scheduled to hold a meeting in Karachi on Nov. 9 with the members of the Federation of Pakistan Chambers of Commerce and Industry. He will also meet the Chairman of the Bankers Equity Ltd., D. M. Qureshi.

The Resource Development Corporation (RDC) has already prepared a scheme to attract foreign investment for the implementation of the Saindak project. The total cost of the project has been estimated at about 400 million dollars which also includes the foreign exchange component of over 250 million dollars.

It may be mentioned here that the project was taken over by the RDC in 1975. Over five years have passed since then but the progress has been very slow. The government recently intensified its efforts to find out financial resources (particularly foreign investment) to implement this project.

Official sources told "Business Recorder" yesterday that the implementation of this project would change the economy of this region. Saindak is situated in Baluchistan.

The sources said that the project has the immense potential to increase the foreign exchange earnings of the country. The present price of copper in the world market is in the vicinity of 2,000 dollars per ton which is reported to be about six times the price of steel rods or forms.

The copper imports of Pakistan are reported to be about six million Kgs per annum.

The confirmed estimates of high quality copper ore deposits at Saindak are of the order of 415 million tons. A firm or consultants of U.K. appointed by the RDC which investigated the economic and financial viability of the project is stated to have recommended production of 12,500 tons per day.

In the first instance, it would be instrumental in the manufacture of 16,471 tons of blister copper, 228,235 tons of sulphuric acid and 96,882 tons of steel billets per annum. Other products to be obtained through the refining process will be: 41,850 ounces of gold, 155,166 ounces of silver and 374 tons of molybdenite per annum.

The RDC is reported to have prepared technical document comprising engineering drawings and specifications about each aspect of the project with a view to inspiring confidence in the prospective foreign investors with regard to the viability and profitability of the project.

CSO: 4220/99

BRIEFS

POPULATION TO DOUBLE IN 23 YEARS--In 23 years from now the present 83.7 million population of Pakistan will double or another Pakistan will be born population-wise--if the present growth rate is not brought down. So the question staring in the face of those concerned with long-term planning is: If the present birth rate is allowed to persist, leave alone development, can we be prepared to meet the basic needs of another Pakistan in just 23 years? A glance at the census figures reveals the startling fact that the country's population has almost doubled during the last 20 years. According to 1961 census it was 42.3 million. The high population growth rate coupled with 46 per cent of the population being in the non-productive age group--dependent on those who can work--requires a high level of investments to improve on people's standard of living. Pakistan national savings a present stand at 12.9 per cent of the GNP, which is miserably low according to the State Bank. Its effect on economy is wiped out by the intensity of population explosion. If the present population growth rate of 3 per cent is not reduced, no progress will be possible, as the per capita income will remain almost static. [Text] [Karachi BUSINESS RECORDER in English 10 Nov 81 p 6]

UTILISATION OF NORWEGIAN ASSISTANCE--Pakistan and Norway signed here Tuesday documents on utilisation of Norwegian grant assistance of kroners 65 million (about Rs 120 million) to Pakistan for 1982. The documents were signed by the Secretary, Economic Affairs Division, Mr Ejaz Ahmad Naik; and the Ambassador of Norway, Mr T.P. Svennevig; on behalf of their respective Governments. The grant will be utilised mainly on the import of telecommunication equipment, phosphatic fertiliser, bagging machines and the project for collection of all-shore seismic data for petroleum exploration. The signing was preceded by two-day discussions between the officials of the Economic Affairs Division and the visiting Norwegian mission. Besides firming up grant assistance, the two sides reviewed level of bilateral economic relations. Both sides expressed the hope that the economic collaboration between the two countries would grow further in future. [Text] [Karachi DAWN in English 13 Nov 81 p 12]

BOOK, MAGAZINE, POSTER TO BE FORFEITED--The Government of Baluchistan, under the West Pakistan Press and Publication Ordinance 1983 has ordered to forfeit the following forthwith: Book entitled "Sufaid Naqab Siah Chehray" written by Abdul Karim Muchtaw, published from Karachi. Urdu/English monthly magazine entitled "Pakistan People's Newsletter" published from California/New York USA. Urdu handbill captioned, "Keya Baluchistan Main Hukkam Ko Nau Abadeyati Ikhtiar Hasil Hein" issued by the Pashtoon Students Federation, Baluchistan. Urdu poster captioned "Sadi Inqilab" issue No. 6, for October/November, 1981 issued by the defunct PPP. [Text] [Karachi DAWN in English 13 Nov 81 p 14]

CSO: 4220/99

CITYBANK OFFERS TO BUY 40 PERCENT OF 1ST SUMMA BANK

Manila PHILIPPINES DAILY EXPRESS in English 11 Nov 81 p 9

[Text] The Citibank, N.A., one of four foreign banks operating branches here, is negotiating for the acquisition of the 1st Summa Savings & Mortgage Bank, one of the major assets being disposed of by the Herdis Group, a highly placed source disclosed yesterday.

The American bank may acquire up to a maximum of 40 percent equity in Summa Savings if ongoing talks push through, the source added.

It may also opt to acquire full control of the savings bank through its local affiliate the Citytrust Banking Corp., a commercial bank.

Summa Savings has a paid-in capital of P20 million and assets exceeding P50 million, it was learned.

The source did not disclose the asking price of the owners of Summa Savings, or the acquisition price offered by Citibank.

Summa Savings is the second major asset of the Herdis Group that is being put up for sale as part of the conglomerate's financial rehabilitation program.

Earlier, it was reported that the Government Service Insurance System (GSIS) was offering to buy for an undisclosed amount the Commercial Bank of Manila (Combank), another Herdis affiliate.

Combank has a paid-in capital of about P210 million, P180 million of which was pumped in by new investors earlier this year. The Combank is the successor of the Overseas Bank of Manila (OBM), a commercial bank ordered closed by the Central Bank 12 years ago.

Again, no working quotations were disclosed in the Combank-GSIS talks.

CSO: 4220/100

CITIES NOT PULLING OUT FROM NIDO FIELD

Manila BULLETIN TODAY in English 11 Nov 81 p 15

[Text] Energy Minister Geronimo Z. Velasco disclosed yesterday that Philippine Cities Service, Inc. is not yet withdrawing from its operation of the trouble-plagued Nido oilfield.

Cities Service, the minister said, still considers the Nido field viable at the moment.

The minister did not elaborate on the operator's move but it has been made clear that the American exploration firm decided to continue with Nido's operations in view of the recent decision of the Organization of Petroleum Exporting Countries (OPEC) unifying oil prices at \$34 per barrel.

The OPEC unified price is expected to push Nido's crude oil price from the present \$31.40 per barrel. Nido oil belongs to the medium grade type and the OPEC price level of \$34 per barrel is certain to increase Nido's purchasing price similar to what Saudi Arabia had effected.

Saudi Arabia, which accounts for 58 per cent of the country's import requirements raised its crude oil price from \$32 to the unified price of \$34 per barrel.

With the expected increase in the price of Nido crude oil, Cities Service has apparently thought that Nido is still economical and viable to operate.

Earlier, the company thought of relinquishing its participating interest as operator in the Nido consortium "when the economic limit" of the project has been reached.

Negotiations between the Filipino partners and the American firm took place on a number of occasions and for a time, Cities Service was bent on withdrawing from the field.

With the recent move of Cities Service, however, the company is still not joining its Filipino partners in drilling an additional well in the area.

Filipino partners have decided to drill one more well at the field in a hope to recover five to 10 million barrels of oil still trapped in the reservoir.

Nido's production declined from a peak of 40,000 barrels per day early in 1980 to less than 3,000 barrels per day today due to rapid water encroachment.

CSO: 4220/100

BATASAN MEETS ON COCO INDUSTRY

Manila BULLETIN TODAY in English 11 Nov 81 pp 1, 11

[Text] The Batasang Pambansa vowed yesterday to improve immediately trading activity of Philippine copra and assured coconut traders, planters, and farmers of fair and just return for their investments.

Without taking sides in the raging coconut controversy, Batasan members of the ruling Kilusang Bagong Lipunan (KBL) met in a closed door caucus late the other day and agreed on the following points:

1. A need for a declaration of policy on copra trading.
2. A need to formulate a policy on copra buying that must assure farmers access to the market even through middlemen, if necessary, so long as it is in accordance with international price quotations.

The assemblymen agreed that without a policy, no trader will even think of investing if there is no assurance of fair return for his investment or if he does not know what is going to happen next.

Deputy Prime Minister Jose A. Rono, majority floor leader, was reported to have presided over the caucus. Another caucus has been scheduled for tomorrow to firm up the Batasan's position on the matter.

On Friday, representatives of the United Coconut Oil Mills (Unicom) and the Philippine Coconut Producers Federation (Cocofed) will be invited to attend a dialogue with the assemblymen. Members of the press may be allowed to attend the dialogue.

The controversy involves the coconut levy which the President lifted but later restored at a lower rate--from P76 to P50 per 100 kilos of copra.

Meanwhile, the Batasan elected last night Assemblyman Datu Blah Sinsuat as speaker pro tempore under the newly approved revised Rules of the Batasan.

Sinsuat was nominated by Pelaez and Assemblyman Joaquin Ortega (KBL, Ilocos region). His election was unanimous.

The new speaker pro tempore, a Muslim, immediately took his oath before Speaker Ouerube C. Makalintal in the presence of Mrs. Sinsuat.

At press time, the assembly was deliberating on a resolution expressing support to the efforts of maintaining the momentum of the Cancun conference to achieve the global negotiations as soon as possible for world survival.

The resolution was authored by Pelaez and 46 other assemblymen.

The steering committee finally reported out for approval another resolution amending the Batasan rules by providing procedures in impeachment proceedings.

CSO: 4220/100

BORROWINGS COVER HUGE DEFICIT

Manila BULLETIN TODAY in English 11 Nov 81 p 15

[Text] The national government borrowed heavily during the first nine months of the year to cover up a cumulative deficit of P8.22 billion in its treasury cash operations, the bureau of treasury reported yesterday.

The bureau reported that the national government incurred gross borrowings of P14.1 billion from January to September compared to P12.43 billion during the same period last year, reflecting an increase of P1.68 billion or P 13.55 per cent.

Bulk of the government borrowings during the nine-month period came from domestic sources, principally from bonds, treasury notes, the sale of treasury bills and other forms of government securities. Borrowed from domestic sector was P9.25 billion.

Foreign loans, amounting to P4.85 billion made up the balance of gross borrowings during the period.

The cash deficit swelled during the nine-month period as the increase in government gross receipts did not keep pace with the growth in government expenditures.

According to the bureau, the national treasury recorded total gross receipts of P41.52 billion during the period for an increase of 24.7 per cent or P8.22 billion.

On the other hand, government's gross disbursements amounted to P49.7 billion which exceeded gross receipts by P8.27 billion.

CSO: 4220/100

DOMESTIC TRADE ROLE STRESSED

Manila BULLETIN TODAY in English 12 Nov 81 p 5

[Text] Trade and Industry Deputy Minister Romulo B. Lumaig underscoring the important role of domestic trade to the national economy in a talk with officials of the trade assistance center and the bureau of domestic trade in Region I.

He lamented the great disparity in the treatment of domestic trade and foreign trade as shown in the budgets of the two sectors, saying that under the current appropriations act, domestic trade promotion is given an appropriation of only about P8 million against P123 million for foreign trade promotion.

"And yet a strong domestic trade is the basis of a strong foreign trade," he said.

Lumaig said that the domestic market provides the primary outlet for most producers and manufacturers, particularly farmers and small and medium-scale industries, and this is facilitated through domestic trade.

"Domestic trade also directly affects the lives of the people, especially the ordinary consumers, and they normally gauge the responsiveness of government through the situations in the domestic market," he said.

He exhorted the domestic trade officials to be more imaginative and innovative in their work and come up with projects that are "specific," "implementable," and "replicable."

Lumaig said that emphasis should be made on the development rather than the regulatory aspect of domestic trade promotion in order to remove the "police" image of the Bureau of Domestic Trade.

He also said that in the ongoing reorganization of the Ministry of Trade and Industry, the overriding considerations in the hiring of people to man the domestic trade units will be "dedication to duty" and "commitment to integrity."

"We must have people who are not only highly motivated but also infused with missionary zeal, if we have to make domestic trade an effective tool for national development," he said.

CSO: 4220/100

P4.5-B MAGAT RIVER PROJECT TO CHANGE FUTURE OF N. LUZON

Manila PHILIPPINES DAILY EXPRESS in English 11 Nov 81 p 3

[Text] A 45-square-kilometer, mostly hilly area in this agricultural town will soon completely change the future of more than one million Northern Luzon residents.

By next year, that vast tract of land will be submerged when the P4.5-billion Magat river multi-purpose project is completed by the National Irrigation Administration.

The multi-purpose dam, the biggest ongoing project of its kind in Asia, is designed to irrigate 102,000 hectares of farmlands in Isabela, Nueva Vizcaya, Quirino and Ifugao and provide electricity to practically the whole of Northern Luzon.

The project will tap the water of Magat river which snakes through the 150-kilometer rugged foothills of Nueva Ecija to the wide plains of Isabela and Ifugao.

Around 9,000 engineers and laborers and several dozens of heavy equipment are working round-the-clock to finish the project by the end of next year. Work on the dam started in 1975.

"We have completed about 80 percent of the project which is quite ahead of schedule," said Francisco G. Novido, assistant project manager.

Novido said they expect to finish the final phase of dam construction by July next year. Thereafter, the National Power Corp. will complete the hydroelectric plants to generate electricity of up to 540 megawatts.

The project is financed by loans from the World Bank and other foreign assistance and local funds. Work on the project is under close supervision by foreign consultants.

Project manager Benjamin V. Viola said the dam will have 45 kilometers of water reservoir, which will cover about 4,500 hectares of land, can store water of some 1.25 billion cubic meters, enough to irrigate year round 102,000 hectares of farmland.

Estimate by project officials showed that the project when fully operational would double rice harvest of farmers from 2.1 tons per hectare to 4.2 tons annually.

This could be achieved through two cropping seasons a year with the availability of irrigation water. At present, farmers in the four provinces depend only on rain for their farms which limit them to only one cropping season yearly.

They said the estimated 540 megawatts power generation of Magat, which is twice the 220 megawatts production of Tiwi geothermal plant in Albay, would be more than enough to provide electricity to over one million Northern Luzon residents.

This would mean savings for the country of some 2.06 million barrels of imported oil annually, project authorities said.

"As a whole, the Magat project will catalyze the agro-industrial development of Northern Luzon," Viola said.

He said irrigation and power are only among the benefits to be derived from the construction of the multi-purpose dam.

The reservoir will also serve as fishing ground in the area. It can also be developed into a tourist spot since it is surrounded by hills and mountains.

There are also plans to build sports and other recreation facilities around the dam, project officials said.

CSO: 4220/100

PREDICTED RISE IN PESO-DOLLAR BLACKMARKET RATE

Manila PHILIPPINES DAILY EXPRESS in English 12 Nov 81 p 10

[Text] Heavy demand for foreign exchange yesterday brought down the value of the peso vis-a-vis the United States dollar with the guiding exchange rate hitting P8.11 to the dollar.

It was a hefty jump from the previous day's guiding rate and was the highest so far achieved since January this year.

Central Bank officials discounted the sudden spurt in the guiding rate. They said it was to be expected because of the floating exchange rate system adopted for the peso.

"It simply means that there is big demand, more buyers of foreign exchange," said CB Deputy Gov. Escolastica Bince who is in charge of the bank's research sector.

"We have adopted a floating exchange rate system so the rate fluctuates depending on market forces of supply and demand," she added.

The CB official did not explain why there was heavy demand for foreign exchange that resulted in the sudden rise in the guiding rate.

The CB guiding rate merely indicates the market supply and demand conditions based on transactions authorized.

In the dollar blackmarket, the exchange rate has been higher with the big denominations, like \$100 and \$50 bills fetching P8.46 to the dollar, highly reliable sources disclosed.

Established and influential dollar blackmarket operators are bent on pushing the exchange rate up to P9.50 per dollar soon, they added.

They added that it is during this time of the year that dollar blackmarket operators make a killing because of heavy demand from people who go on Christmas shopping abroad.

Recently, the CB explained that the peso's cross exchange rates weakened against many currencies that appreciated in value against the US dollar.

However, in the case of the peso, the exchange rate with the dollar deteriorated as the American currency continued to fall, the CB noted.

CSO: 4220/100

GENERAL ATHIT SEEKS TO BOOST IMAGE OF IRREGULARS

Bangkok DAO SIAM in Thai 30 Oct 81 pp 1, 2

[Text] There are preparations for discussions on making Thahan Phran Irregulars who complete a 2-year term of service into "regular troops." Athit revealed that this matter was sent on to the Ministry of Defense for its consideration and there are no problems. They are brought into service at age 17-18. When they are released, they will become reservists. While they are in service, they will be exempt from military conscription. The Thahan Phran Irregulars are still viewed as important. What is good is that they have acted heroically both in the past and now.

General Athit Kamlang-ek, assistant RTA CinC and 1st Army commander had an interview with newsmen on 29 October. He discussed his visits with the troops in the south and his inspection of Thahan Phran Irregular units in Surat Thani 2 days ago. He said that the situation in the south has greatly improved. At the same time he reminded all Thahan Phran Irregular unit commanders to look after their units closely in order to work efficiently and to make an attempt to improve the image of these troops. As for the case involving the Thahan Phran Irregular troops in Chanthaburi, it was simply a small misunderstanding. Those troops were the responsibility of the Royal Thai Navy, which at this time is following up on and taking charge of things.

He also said that if instances of Thahan Phran Irregular misconduct occur, we will punish them severely. However, for the most part these are good troops and have demonstrated much heroism, both past and present. Any unit that is no good with [bad] influence will be disbanded or else the entire company will be discharged. An example of this is in Phatthalung Province, which now is very good. We have competitions every year among the Thahan Phran Irregulars to perform good deeds. In the future, [Athit] will visit Thahan Phran units in all Army regions. He said, "I am really very sympathetic to them; their salaries are small."

General Athit then said that Thahan Phran Irregular troops who are enlisted from 17 to 18 years of age and, as has been submitted to the Ministry of Defense for its reconsideration, if they serve for 2 years, they will be considered for service as regular troops and after the 2 years they will not be subject to military conscription. If they are discharged, they will be considered military

reservists. "I feel that aside from helping them, it will cause more people to volunteer. In this matter, it is understood that there will probably be no problems in the Defense Ministry's deliberations."

News reporters asked why those who are older are not accepted. General Athit expressed the view that age was not relevant. People will be good if they are controlled, and so age is not relevant. When a person gets old, if he is going to be bad, he will be bad. If he has a good commander, he will be good. Wherever I go, I stress this to all unit commanders. It is necessary to be selective in picking the unit commanders who will exercise that control and they must be good people. When the troops leave the base, they may carry no arms at all. Another important thing is the preparation to change Thahan Phran Irregular uniforms. We do not want to make them look like anybody else. "Taxi drivers are wearing striped clothing," said General Athit jokingly. He said that the uniform change may be to black. He asked the media to be a morale booster. We should help correct anything that effects the people and the nation.

CSO: 4207/30

LOW PRODUCTIVITY, UNDEREMPLOYMENT SAID TO PLAGUE LABOR FORCE

Bangkok SIAM RAT in Thai 19 Oct 81 pp 1, 12

[Text] The National Statistics Office revealed significant factors concerning Thailand's labor sector saying that discussions in this area must consider problems of underemployment more than any others.

The Statistics Office's summary came from the latest nationwide labor surveys in 1978. It was discovered that out of a total labor force of 21.9 million, some 14.7 million or 67.2 percent were fully employed. Of this number, some 9.9 million worked in the agricultural sector. This means that only 61.8 percent of the sector is fully occupied. In the industrial sector, those fully employed are some 84.3 percent of the total.

The Statistical Office's report stated that of the nation's population, some 7.2 million or 32.7 percent of the labor force are not fully employed. This figure includes some 156,800 unemployed, a total of 676,500 who work fewer hours than they should, some 6,324,000 earning less than the minimum stipulated by law and another 11,700 who are fully using their knowledge and abilities in their work.

The National Statistics Office also reported that Thailand's having few unemployed does not mean that it has no labor problems. The real problem is that of working fewer hours than normal or having lower incomes, or low productivity. These are characteristics of underdeveloped countries, whose populations are largely employed in agriculture or personal occupations. Therefore, in discussions of Thai labor problems, one should consider primarily the problem of underemployment.

CSO: 4207/30

LPDR ARRESTS, EXPELS CPT AGENTS

Bangkok MATICHON in Thai 3 Nov 81 p 2

[Text] Laos has arrested three Thai CPT [Communist Party of Thailand] secret agents and has handed them over to the Chief Inspector of Na Haeo [District], Nakhon Phanom. They say they are not secret agents cooperating with the Thai Northeast National Liberation Party.

News reports from Nakhon Phanom say that on 1 November, the Lao sent a letter to the Na Haeo District Officer asking him to come and get three Thais who were secret agents of the CPT and who had been gathering intelligence on military operations in Thailand [from] Ban Meuang Phre, Laos.

The reports stated that the Na Haeo District Police inspector and the deputy district officer for administration went to pick up the three agents: Mr Som Butkhot, alias Comrade Tam, 36, formerly a resident of Ban Na Duang, Na Khang Branch District, Nakhon Phanom Province; Mr Bunkong Wouwan, 26, formerly of Ban Kuruk, Muang District, Nakhon Phanom Province, and Mr Ta (surname unknown), 54, formerly of Ban Khlongluk, Muang District, Uttaradit Province. The officers brought all three in to turn them over to CPM [Civil-Police-Military] Unit 33 for further interrogation.

The reports said that the reason Laos turned the three men over to Thai authorities was that the three were unwilling to act as agents and cooperate in intelligence work with the pro-Soviet communist party, known as the Thai-Northeast National Liberation Party.

Moreover, the Lao Government has ordered Thai secret agents of the CPT who are conducting intelligence operations on Thai territory to leave [Laos] within 10 hours, starting from midnight, 1 November.

CSO: 4207/30

DROUGHT HITS NORTHEAST AND NORTH, HEAVY LOSSES EXPECTED NEXT YEAR

Bangkok MATICHON in Thai 2 Nov 81 pp 1, 12

[Text] Many provinces in the northeast are drought-stricken. Farmers cannot work paddies and are flooding into cities to get jobs. Farmers' groups are asking for water pumps but are being turned away because these are being used in the cities to prevent flooding.

MATICHON reporters recently went to survey areas in many northeastern provinces. They found that provinces such as Khon Kaen, Ubon, Udon, Kalasin, Roi-et, Chaiyaphum, Nongkhai and Nakhon Phanom are faced with severe drought conditions because the rains did not come during the monsoon. Farmers have not been able to work the paddies. This has caused a great deal of hardship. There have been severe outbreaks of famine. Waves of farmers, both men and women, have had to leave their villages and come to work in towns and nearby provinces over the past month. Children who have just reached working age are also sent to work in towns.

Bus and train stations are jammed with people preparing to go off to find work in order to avoid famine, sleeping all over the place.

Reporters said that some farmers who still have their own land are mortgaging it to get money to support themselves while trying frantically to get work in the Middle East. Some have been victimized and deceived, losing their shirts. This has caused great resentment.

In some villages such as those in Donsan District, Chaiyaphum Province, there are serious drought conditions. When it did begin to rain, the farmers were very happy, thinking they would be able to work their fields. But the rain lasted only one day and then stopped abruptly.

Newsmen further reported that this year's drought has brought trade to a standstill because of the drop in farmers' purchasing power. Traders are complaining that goods do not sell, interfering with the circulation of money.

Mr Prarom Buasamli, secretary general of the Central Committee of the Farmers' Association of Thailand told MATICHON that last month the northeastern chapter reported the drought problem to the Board of Directors of the Fund for Farmers

in order to request funding for cloud-seeding along with providing urgent assistance in water pumps. However, the authorities responded that most of the pumps were in Bangkok because they were needed to prevent flooding there. To date, it is not yet known whether pumps have been provided to farmers.

Mr Prarom further stated that many provinces in the north are likewise experiencing drought with the cool weather coming on. There is extreme worry that next year's production will certainly drop, which will affect Thailand's economy as a whole.

There were also reports from Sukhothai Province that during this year in nine districts [production on] nearly 335,000 rai of agricultural land was lost because of the drought. This was most of the paddy rice land out of a total of 531,203 rai. Out of a total of 138,956 rai of vegetable crop land, it was expected that approximately 69,400 rai would be lost.

However, the results of these losses are very worrisome to many concerned sectors because of concern that there will be political repercussions if the government just sits on its hands and does not urgently take action to pour resources into the area to relieve the hardship.

The Department of Meteorology's weather reports for the north and the northeast say that in November temperatures will begin to drop to 3 degrees Celsius, which will cause abrupt droughts, especially in the north.

CSO: 4207/30

COOPERATION AGREEMENTS SIGNED WITH CHILE, ARGENTINA

Bangkok SIAM RAT in Thai 28 Oct 81 p 5

[Text] Thailand has made another two trade, scientific and technological cooperation agreements: with Argentina and Chile. This has been the result of the visit of the foreign minister et al.

The visits to Argentina and Chile were made by Foreign Minister ACM Sitthi Sawetsila and his party which was composed of Mr Kasemsomson Kasemsiri, undersecretary of the Foreign Ministry, Squadron Leader Prasong Sunsiri, secretary general of the National Security Council and Mr Danai Dunlalampha, deputy undersecretary of the Ministry of Commerce between 19-22 October. The Foreign Ministry reported that following the party's discussions with those concerned from both governments, ACM Sitthi Sawetsila signed a trade agreement with Chile. He signed an agreement which provided for scientific and technological cooperation with the Government of Argentina. This was to be the basis for the search for cooperation on the government to government level and within the private sector relating to the promotion of trade and exchange of knowledge in the science and technology sphere.

In the agreements concerning scientific and technological cooperation with Argentina, both sides agreed to exchange experts in many fields, especially experts in the fields of agriculture, livestock raising and dairy. Argentine experts in energy technology and alcohol would be sent on exchange and would assist in projects in these areas in Thailand. It was further agreed that pertinent data and information would be exchanged concerning fisheries and fishing industry on a basis of cooperation to promote the expansion of trade and economic relations between both countries.

CSO: 4207/30

END

END OF

FICHE

DATE FILMED

Dec. 16, 1981